SECTION ONE: DESCRIPTION OF FOLDERS
Public Information

USPS-FY16-1

This folder is entitled:

USPS-FY16-1   FY 2016 Public Cost and Revenue Analysis (PCRA) Report

USPS-FY16-1 displays revenues, volume variable costs, product specific costs, aggregate volume variable and product specific costs, unit contribution, cost coverages, volumes, and weights for each of the Postal Service's Market Dominant products. For competitive products, the report displays summary information.

Docket No: ACR-2015, USPS-FY15-1 is the most recent predecessor document. USPS- FY16-NP11 is the corresponding nonpublic document.

The USPS-FY16-1, 2016 Public Cost and Revenue Analysis (PCRA) is a seven page summary of domestic and international volume variable and product specific costs by Market Dominant product , differing from the nonpublic version (USPS-FY16-NP11) by not presenting product-specific data for competitive products.

Among the primary outputs from the CRA report are the volume variable and product specific costs by Market Dominant product. The following folders found in this report are used as input/output to/from USPS-FY16-1:

Folders in this Report Used as Input to USPS-FY16-1

Folder Number	Data/Information Used
USPS-FY16-31	• FY 2016 CRA Model (Public Version)
USPS-FY16-NP2	• FY 2016 International Cost and Revenue Analysis (ICRA) report
USPS-FY16-NP13	• FY 2016 CRA Model (Nonpublic Version)

Folders in this Report Utilizing Output from USPS-FY16-1

Folder Number	Data/Information Provided
USPS-FY16-13	• Standard Mail and Periodicals Destination Entry Cost Models
USPS-FY16-15	• Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model
USPS-FY16-16	• Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model
USPS-FY16-28	• FY 2016 Special Cost Studies Workpapers – Special Services
USPS-FY16-30	• FY 2016 Market Dominant NSA Materials
USPS-FY16-39	• FY 2016 Competitive Products Fund Reporting Materials
USPS-FY16-43	• FY 2016 Market Dominant Product Incremental Costs

USPS-FY16-2

This folder is entitled:

USPS-FY16-2   FY 2016 Public Cost Segments and Components Report

USPS-FY16-2 is an output ("C" report) of the FY 2016 Cost and Revenue Analysis (CRA) Model (USPS-FY16-31) that shows volume variable and product specific costs by Market Dominant product for 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier Street Activities, Rural Carriers, and Purchased Transportation. For competitive products, the report displays summary information.

In the Postal Service's FY 2015 Annual Compliance Report (ACR) filing (Docket No. ACR2015, December 28, 2015), this material was presented as USPS-FY15-2. A nonpublic version of this document is provided as USPS-FY15-NP12, FY 2015 Nonpublic Cost Segments and Components Report.

The FY 2016 Public Cost Segments and Components Report is provided as an Excel workbook. It presents a summary of costs by product for all cost segment totals, followed by component-level detail within each segment. As it is intended for public distribution, it does not contain detail below the total level for the Postal Service's Competitive products.

The following folders found in this report are used as input/output to USPS-FY16-2:

Folders in this Report Used as Input to USPS-FY16-2

Folder Number	Data/Information Used
USPS-FY16-31	• FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

Folders in this Report Utilizing Output from USPS-FY16-2

Folder Number	Data/Information Provided
USPS-FY16-27	• FY 2016 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)
USPS-FY16-28	• FY 2016 Special Cost Studies Workpapers – Special Services

USPS-FY16-3

This folder is entitled:

USPS-FY16-3   FY 2016 Discounts and Passthroughs of Workshare Items

USPS-FY16-3 reports worksharing discounts, cost avoidances and passthroughs for market dominant products for FY 2016.

Predecessor documents include Docket No. ACR2015, USPS-FY15-3 and Annual Compliance Determination FY 2015.

In addition to this Preface, USPS-FY16-3 includes an Excel workbook entitled FY16.3.Worksharing Discount Table_Final.xls. This workbook contains seventeen worksheets showing the benchmark pieces, discounts, cost differentials and passthroughs for each type of worksharing offered in FY 2016 for market dominant products. The following worksheets are included:

      FCM Single Piece Letters, Cards
      FCM Bulk Letters, Cards*
      FCM Flats*
      Periodicals Outside County*
      Periodicals Bundle-Container Pricing*
      Periodicals Within County*
      Within County Worksheet*
      Standard Mail Letters*
      Order No. 1793*
      Standard Mail Flats*
      Standard Mail Parcels & Mkt Parcels
      Standard Mail Carrier Route
      Standard Mail HD-Sat Letters
      Standard Mail HD-Sat Flts - Prcls
      Media Mail & Library Mail
      Bound Printed Matter Flats
      Bound Printed Matter Parcels

Folders in this Report Used as Input to USPS-FY16-3

Folder Number	Data/Information Used
USPS-FY16-10	• FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-11	• FY 2016 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY16-12	• Standard Mail Hybrid/Parcel Cost Study
USPS-FY16-13	• Standard Mail and Periodicals Destination Entry Cost Models
USPS-FY16-15	• FY 2016 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY16-19	• FY 2016 Delivery Costs By Shape
USPS-FY16-21	• FY 2016 QBRM and BRM Costs

USPS-FY16-4

This folder is entitled:

USPS-FY16-4   FY 2016 Market Dominant Billing Determinants

Attachment USPS-FY16-4 contains the U.S. Postal Service billing determinants for domestic market dominant products for FY 2016. Billing determinants provide specific information regarding revenue and volume of postal products and services. It consists of a CD ROM containing the electronic version, and several printouts containing the hard copy version of the billing determinants.

Attachment USPS-FY16-4 consists of six Excel workbooks containing FY 2016 billing determinants for market dominant products. The following list indicates the contents of each workbook.

> FY 2016 BPM.xlsx – Bound Printed Matter Billing Determinants
> FY 2016 FCM.xlsx – First-Class Mail Billing Determinants
> FY 2016 Library Mail.xlsx – Library Mail Billing Determinants
> FY 2016 Media Mail.xlsx – Media Mail Billing Determinants
> FY 2016 Periodicals.xlsx – Periodicals Billing Determinants
> FY 2016 Special Services and Free Blind.xlsx – Special Services Billing

Sub Folder "Supplemental Data" contains the quarterly billing determinants for those classes that have not historically included that level of detail.

The following folders found in this report are used as outputs from USPS-FY16-4:

Folders in this Report Utilizing Output from USPS-FY16-4

Folder Number	Data/Information Provided
USPS-FY16-10	• FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-11	• FY 2016 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY16-12	• Standard Mail Hybrid/Parcel Cost Study
USPS-FY16-13	• Standard Mail and Periodicals Destination Entry Cost Models
USPS-FY16-15	• FY 2016 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY16-16	• FY 2016 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)
USPS-FY16-17	• 2009 Comprehensive Statement of Postal Operations
USPS-FY16-18	• FY 2016 ECR Mail Processing Unit Costs
USPS-FY16-19	• FY 2016 Delivery Costs By Shape

USPS-FY16-5

This folder is entitled:

USPS-FY16-5   Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)

The Fiscal Year 2016 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version) is an Excel workbook that adjusts amounts reflected in the September 2016 general ledger for year-end audit adjustments. This results in amounts that underlie the September 30 year-end financial statements. This workbook also reallocates year-end labor contract and performance award accruals back to the appropriate labor sub-account and breaks out cost component expenses not available directly from a general ledger account but obtained from another source such as a unique finance number or a subsidiary reporting system. Because this workbook is intended for public distribution, certain account information that pertains to competitive products has been redacted.

USPS-FY16-5, the Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version), is provided as an Excel workbook. This material was provided as USPS-FY15-5 for the FY 2015 Annual Compliance Report filing (Docket No. ACR2015, December 29, 2015). A nonpublic version of this document is provided as USPS-FY16-NP29, Fiscal Year 2015 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Nonpublic Version).

The Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Public Version) are generated from general ledger data that are downloaded from the Postal Service's mainframe Accounting systems. General ledger accounts are sorted and grouped so that they correspond to the Cost and Revenue Analysis (CRA) Model's cost segments and components.

Revenue and cost data from USPS-FY16-5 are input to the CRA Model, which is documented in USPS-FY16-31 (public) and USPS-FY16-NP13 (Nonpublic).

The following folders found in this report are used as input/output to USPS-FY16-5:

Folders in this Report Utilizing Output from USPS-FY16-5

Folder Number	Data/Information Provided
USPS-FY16-NP13	• FY 2016 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY16-31	• FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

USPS-FY16-6

This folder is entitled:

USPS-FY16-6   General Classification of Accounts

USPS-FY16-6, General Classification of Accounts, identifies the different types of General Ledger accounts, lists the account numbers, and provides a brief description of each account. It is provided as general background information of a type specifically sought previously, but is not otherwise directly relied upon by the Postal Service in this filing.

In all ACR dockets since ACR2007, this was submitted as Folder 6 (e.g., in Docket No. ACR2015, as USPS-FY15-6), while in Docket No. ACR2007, it was submitted as CIR.1.Q.21.Class.Accounts.xls, filed on February 1, 2008, in response to Commission Information Request No. 1, Question 21. Previously, this type of information appeared in *Handbook F-8, the USPS Chart of Accounts*.

Since USPS-FY16-6 merely lists and describes accounts, while containing no actual account data, it neither relies on inputs from any other folders in this docket, nor generates outputs which are used as inputs to any other folders in the is docket.

USPS-FY16-6 consists of a Preface document, and one Excel file.

USPS-FY16-7

This folder is entitled:

USPS-FY16-7   Cost Segment 3 Cost Pools and Other Related Information

USPS-FY16-7 provides estimates of volume-variable costs by product and other related data for Cost Segment (CS) 3. These data serve as inputs to the Cost and Revenue Analysis (CRA) "B" Workpapers, the CRA model, various Special Cost Studies, and NSA cost models. This folder also provides data on aggregate CAG K-L costs requested by the Commission in Order No. 2837 (Nov. 24, 2015) for USO reporting purposes. Also, it provides materials to support the calculations of the productive hourly rates, the labor costs per work hour by cost segment/craft, which are used as inputs to other parts of this folder.

The predecessor document is USPS-FY15-7 in Docket No. ACR2015. USPS-FY16-7 is the public version of USPS-FY16-NP18.

USPS-FY16-7 reports costs for competitive domestic mail products in aggregate; these are reported as separate products in USPS-FY16-NP18.

USPS-FY16-7 SAS program code, SAS logs, and SAS output tables correspond to those submitted in the USPS-FY16-NP18 folder, but use the public version of the IOCS data file in USPS-FY16-37, while those for USPS-FY16-NP18 use the nonpublic version of the IOCS data file in USPS-FY16-NP21.

The following folders found in this report are used as input/output to USPS-FY16-7:

Folders in this Report Used as Input to USPS-FY16-7

Folder Number	Data/Information Used
USPS-FY16-23	• MODS Productivity Data
USPS-FY16-NP2	• FY 2016 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)
USPS-FY16-37	• In-Office Cost System (IOCS) Documentation (Public Version)

Folders in this Report Utilizing Output from USPS-FY16-7

Folder Number	Data/Information Provided
USPS-FY 16-2	• FY2016 Public Cost Segments and Components Report
USPS-FY16-8	• Equipment and Facility Related Costs
USPS-FY16-10	• FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-11	• FY 2016 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY16-12	• Standard Mail Hybrid/Parcel Cost Study
USPS-FY16-13	• FY2016 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY16-15	• FY 2016 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY16-21	• FY 2016 QBRM and BRM Costs
USPS-FY16-25	• FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-26	• FY 2016 Mail Processing Costs by Shape (Public Version)
USPS-FY16-28	• FY 2016 Special Cost Studies Workpapers – Special Services
USPS-FY16-31	• CRA Model Files
USPS-FY16-32	• FY 2016 CRA "B" Workpapers (Public Version)

USPS-FY16-8

This folder is entitled:

USPS-FY16-8   Equipment and Facility Related Costs

The primary purpose of USPS-FY16-8 is to provide inputs to determine the volume variable equipment and facility-related costs by subclass for the CRA. USPS-FY16-8 also provides inputs for the calculation of cost pool and operations specific piggyback factors in USPS-FY16-25.

The CRA equipment-related costs are equipment depreciation (component 20.1), interest expense (component 20.5), maintenance labor (component 11.2), and parts & supplies (component 16.3.2). USPS-FY16-8 provides these costs by 26 cost pools defined by equipment type, using data from Postal Service accounting and engineering records. For each cost pool, costs are related to subclass through distribution keys indicated for each pool. Inputs are also provided to the CRA to calculate the distribution key to apportion costs for Intelligent Mail Devices (IMDs) Scanners.

This fiscal year, a new equipment category MDD (or Mobile Delivery Device), was added. MDDs are used by city and rural carriers to scan packages when they are delivered and for other products/functions as well. As for other equipment, the costs for this equipment takes on the variability of the labor costs of those that operate the equipment. The distribution key for category is the combined city and rural carrier labor cost. Additionally, Small Package Sorting System (SPSS) costs have been added to the APBS/APPS category and mPOS (Mobile Point of Sale) equipment costs have been added to the POS One category.

The CRA facility-related costs are for space provision and space support. The space provision costs are rents (component 15.1), depreciation (component 20.3) and interest (component 20.5). The space support costs are fuel and utilities (component 15.2), custodial services labor (component 11.1), contract cleaners (component 11.1.2), building equipment maintenance labor (component 11.3), custodial supplies and services (component 16.3.1) and building security (component 18.1.2). These costs are divided into cost pools (or by activity) based on the FY 2016 estimates of square feet and rents by operation. These estimates are based on the FY1999 facility survey, updated using information on equipment deployments and other operational changes since FY1999. The facility space for the newly deployed SPSS have been included in the APBS/APPS categories at plants and NDCs . USPS-FY16-8 also provides a description of the variabilities and distribution keys for these cost pools.

Results for USPS-FY16-8 can be found in the following workbooks. Each workbook contains an overview of its contents:

Workbook	Contents
FCILTY14	CRA Facility Related Cost Factors, Variabilities & Distribution
FY16equip	CRA Processing and Other Equipment Maintenance, Parts and Supplies Costs: Factors and Distribution
FY16equip	CRA Processing and Other Equipment Capital Costs: Factors and Distribution
FY16.IMD.Scanner.Key.Input	CRA Inputs for IMD Scanner Distribution Key

The following folders found in this report are used as input/output to USPS-FY16-8:

Folders in this Report Used as Input to USPS-FY16-8

Folder Number	Data/Information Used
USPS-FY16-5	• Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-28	• FY 2016 Special Cost Studies Workpapers – Special Services (Public Version)

Folders in this Report Utilizing Output from USPS-FY16-8

Folder Number	Data/Information Provided
USPS-FY16-25	• FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-NP13	• FY 2016 CRA Model (Model Files, Cost Matrices, and Reports)

USPS-FY16-9

This folder is entitled:

USPS-FY16-9   ACR Roadmap Document

The purpose of this Roadmap to the Postal Service's FY 2016 Annual Compliance Report is to present the subject matter of each folder, explain the interrelationship between folders, and to describe changes in technical methodologies.

This folder consolidates in one place a brief description of each of the folders provided, as well as the flow of inputs and outputs between folders. It includes a discussion of any methodology changes between the FY 2016 analyses included in this presentation, and the Commission's methodologies in their Annual Compliance Determination of the U.S. Postal Service for Fiscal Year 2015, or, if applicable, the methodologies used by the Postal Service under Docket No. ACR2015.

The predecessor document to this folder is Docket No. ACR2015, USPS-FY15-9.

USPS-FY16-10

This folder is entitled:

USPS-FY16-10   FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First-Class and Standard)

USPS-FY16-10 documents the First-Class Mail presort letters and cards mail processing unit cost estimates and worksharing-related savings estimates, and the Standard Mail presort letters mail processing unit cost estimates.

Predecessor documents include Docket No. ACR2015, USPS-FY15-10 and Docket No. RM2016-1, Proposal Eight, Order No. 2076.

There is no corresponding nonpublic document to USPS-FY16-10.

USPS-FY16-10 contains a preface document and two Excel workbooks - First-Class and Standard letter cost models for the FY 15 Annual Compliance Report based on latest PRC methodology.

Order No. 2076 methodological changes have been incorporated into the models in this ACR.

USPS-FY16-10 contains two Excel workbooks - First-Class and Standard letter cost models for the Annual Compliance Report based on the latest Commission methodology.

The First-Class Mail workbook contains First-Class Mail presort letters and cards mail processing unit cost estimates, and the First-Class Mail Presort letters and cards worksharing-related savings estimates by price category. These estimates are developed using the Docket No. ACR2015 methodology.

The Standard Mail workbook contains Standard Mail presort letters mail processing unit cost estimates by price category. These estimates are developed using the Docket No. ACR2015 methodology.

The following folders found in this report are used as input/output to USPS-FY16-10:

Folders in this Report Used as Input to USPS-FY16-10

Folder Number	Data/Information Used
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-14	• Mail Characteristics Study (Public Version)
USPS-FY16-19	• FY 2016 Delivery Costs By Shape
USPS-FY16-23	• MODS Productivity Data
USPS-FY16-24	• FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-25	• FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-26	• FY 2016 Mail Processing Costs by Shape (Public Version)

And in addition,

Docket No. RM2011-5, Order No. 741	Automation density tables Manual density tables Plant carrier route finalization percentage Bundle sorting methodology Leakage Rate
2016 Carrier Piece Count (CPC) Data	Post office box destination percentage
2016 FAST Data	Incoming secondary percentages
2016 RBCS Data	RCR finalization rate
2016 WebEOR Data	Operation acceptance and reject rates
USPS-FY08-10	OSS Reject Rates
2008 Field Study	Bundle sorting productivity

Folders in this Report Utilizing Output from USPS-FY16-10

Folder Number	Data/Information Provided
USPS-FY16-3	• FY 2016 Discounts and Passthroughs of Workshare Items
USPS-FY16-19	• FY 2016 Delivery Costs By Shape
USPS-FY16-21	• FY 2016 QBRM and BRM Costs
USPS-FY16-30	• FY 2016 Market Dominant NSA Materials

USPS-FY16-11

This folder is entitled:

USPS-FY16-11   FY 2016 Special Cost Studies Workpapers - Flat Cost
                       Models (First and Standard) & Periodicals Cost Model

USPS-FY16-11 documents the development of the FY 2016 mail processing unit cost estimates for First-Class Mail Presort flats, Periodicals Outside-County flats, and Standard Mail flats. There are no corresponding nonpublic documents associated with USPS-FY16-11.

Predecessor documents include:

First-Class Mail ACR model: FY2015 FCM_Prsrt_Flats_PRC2.xls; PRC-ACR2015-LR2 - FY 2015 First-Class Mail (Docket No. ACR2015)
First-Class Mail Alternate model: Prop.8.FCM.Flts.xls (Docket No. RM2015-1)

Periodicals ACR model: USPS-FY15-11.PER.OC Flats Prop 9.xls; PRC-ACR2015-LR4 - FY 2015 Periodicals (Docket No. ACR2015)
Periodicals Alternate model: Prop.8.PER.xls (Docket No. RM2015-1) and;

Standard Mail ACR model: FY2015 STD Flats PRC2.xls; PRC-ACR2015-LR3 – FY 2015 Standard Mail (Docket No. ACR2015)
Standard Mail Alternate model: Prop.8.STD.Flts.xls (Docket No. RM2015-1)

The USPS-FY16-11 workpapers consist of six Excel workbooks, two each for the First-Class Mail Presort, Standard Mail, and Periodicals Outside-County model cost estimates. The Regular ACR model files end with suffix "...PRC.xls". These files follow the ACR2016 methodology unless stated. The alternate model files end with the suffix "...PROP8.xls". These files follow the Proposal Eight (Docket No. RM2015-1) methodology with FY 2016 data.

The following folders found in this report are used as input/output to USPS-FY16-11:

Folders in this Report Used as Input to USPS-FY16-11

Folder Number	Data/Information Used
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-14	• Mail Characteristics Study (Public Version)
USPS-FY16-23	• MODS Productivity Data
USPS-FY16-25	• FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-26	• FY 2016 Mail Processing Costs by Shape (Public Version)

Folders in this Report Utilizing Output from USPS-FY16-11

Folder Number	Data/Information Provided
USPS-FY16-3	• FY 2016 Discounts and Passthroughs of Workshare Items
USPS-FY16-30	• FY 2016 Market Dominant NSA Materials

USPS-FY16-12

This folder is entitled:

USPS-FY16-12   Standard Mail Parcel Mail Processing Cost Model

USPS-FY16-12 documents the mail processing unit cost estimates for the Standard Mail machinable, irregular, and marketing parcels price categories. The Standard Mail cost estimate outputs are used to develop the discounts and passthrough values contained in USPS-FY16-3.

The most recent predecessor document is Docket No. ACR2015, USPS-FY15-12. There is no corresponding nonpublic document to USPS-FY16-12.

The Standard Mail parcel cost estimates are presented in the Excel workbook 'USPS-FY-16-12.xlsx' in the spreadsheet tab entitled 'MP Summary' (page 1). Data sources are referenced in each spreadsheet throughout the workbook.

The following folders found in this report are used as input/output to USPS-FY16-12:

Folders in this Report Used as Input to USPS-FY16-12

Folder Number	Data/Information Used
USPS-FY16-4	• FY 2016 Market Dominant Billing Determinants
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-14	• Mail Characteristics Study (Public Version)
USPS-FY16-23	• MODS Productivity Data
USPS-FY16-25	• FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-26	• FY 2016 Mail Processing Costs by Shape (Public Version)

And in addition,

2016 Special Weight Reports   Weight Data

2016 WebEOR data   Equipment reject rates

2014 parcel field study   Productivity data
                                     Postal arrival and dispatch profiles
                                     Average cubic feet per piece by mail type

2010 PostalOne! data   Non-dropship entry point percentages

2009 ODIS data   ASF coverage factor
                                     ASF dock transfer percentage

	SCF IPP coverage factors
2009 WebEOR data	PPSM transfer volume percentage
	PPSM finalization percentage

2009 Standard Mail parcel	Irregular rolls percentage
field study	Pieces per sack estimates
	Average container heights
	Average container fullness percentages
	Mail arrival profile
	Container space utilization percentages
	IPP operation outgoing volume percentage

| USPS-FY08-16 | PSM keying productivity estimate |

Folders in this Report Utilizing Output from USPS-FY16-12

Folder Number	Data/Information Provided
USPS-FY16-3	• FY 2016 Discounts and Passthroughs of Workshare Items
USPS-FY16-13	• Standard and Periodicals Cost Model

USPS-FY16-13

This folder is entitled:

USPS-FY16-13   Standard Mail and Periodicals Destination Entry Cost
                        Models

USPS-FY16-13 documents the destination entry cost avoidance estimates for Standard Mail and Periodicals.

The Standard Mail cost avoidance outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY16-3. They are also used to develop the enhanced carrier route (ECR) cost estimates contained in USPS-FY16-18. The Standard Mail transportation and non-transportation cost avoidance estimates by shape are presented in the Excel workbook 'USPS-FY16-13.STD.xlsx'. The results are contained in the 'Summary' worksheet (page 1). Data sources are referenced in each spreadsheet throughout the workbook.

The Periodicals cost avoidance outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY16-3. The Periodicals non-transportation cost avoidance estimates are presented in the Excel workbook 'USPS-FY16-13.PER.xls' in the 'Summary' worksheet (page 1). Data sources are referenced in each spreadsheet throughout the workbook.

The following folders found in this report are used as input/output to USPS-FY16-13:

Folders in this Report Used as Input to USPS-FY16-13

Folder Number	Data/Information Used
USPS-FY16-1	• FY 2016 Public Cost and Revenue Analysis (PCRA)
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-12	• Standard Mail Parcel Mail Processing Cost Model
USPS-FY16-14	• Mail Characteristics Study
USPS-FY16-24	• FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-25	• FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-32	• FY 2016 CRA "B" Workpapers (Public Version)

And in addition,

2016 RPW   Basic Carrier Route pieces and pounds
                                  by shape

Docket No. R2000-1,   Transportation adjustment factor
USPS-T-27

Docket No. R97-1,   Sacks per pallet
USPS-LR-H-105   Trays per pallet

Docket No. R97-1,   Flow path proportions
USPS-LR-H-111

Docket No. R97-1,   Sacks per pallet
USPS-LR-H-195   Trays per pallet

Docket No. MC95-1,   Flow paths
Exhibit USPS-T-9B

The Periodicals destination entry cost avoidance estimates are calculated using the following inputs:

Folders in this Report Used as Input to USPS-FY16-13

Folder Number	Data/Information Used
USPS-FY16-1	• FY 2016 Public Cost and Revenue Analysis (PCRA)
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-14	• Mail Characteristics Study
USPS-FY16-23	• MODS Productivity
USPS-FY 16-25	• Operations Piggyback Factors

And in addition,

Docket No. R2006-1,   Volume percentage bypassing DADC
USPS-T-25, page 7

Docket No. R97-1,   Productivity data
USPS-LR-H-111   Container conversion factors
                                  Flow percentages

Docket No. R97-1,   Productivity data
USPS-LR-H-132

Docket No. MC95-1,   SCF mechanization percentage
Exhibit USPS-T-11U

Docket No. R94-1,   NDC realization factor
Tr. 8/4006

Docket No. R90-1,   Volume percentage flowing from NDC to SCF
Exhibit USPS-T-12B   Volume percentage flowing from NDC to DU

Folders in this Report Utilizing Output from USPS-FY16-13

Folder Number	Data/Information Provided
USPS-FY16-3	• FY 2016 Discounts and Passthroughs of Workshare Items
USPS-FY 16-16	• BPM and Bulk Parcel Transportation Cost Model
USPS-FY16-18	• FY 2016 ECR Mail Processing Unit Costs

USPS-FY16-14

This folder is entitled:

USPS-FY16-14   Mail Characteristics Study (Public Version)

USPS-FY16-14 documents the development of a number of volume and parameter estimates used in the preparation of the 2016 ACR. The section titled "RPW by Shape and Indicia" describes the development of revenue, piece and weight estimates by shape and indicia. Standard Mail and First-Class Mail estimates by weight increment are also developed. The "Mail Characteristics" section describes the development of preparation and entry characteristics for Standard Mail flats and letters, and for Periodicals flats. The re-calibration of the First-Class Mail Characteristics Study (Docket No. R2006-1, LR-L-32) is also described in the "Mail Characteristics" section. The "Coverage Factor Updating" section describes the methodology used to update coverage factor parameters for the flats mail processing models.

The methodology is not changed from Docket No. ACR2015, however numerous additional rate elements have been introduced since Docket No. ACR2014, including Table 14 which is required to calibrate the Standard Mail Flats model for the estimation of the cost differential between Carrier Route flats and Carrier Route Flats on CRRTS pallets as approved in Commission Order No. 2741 (Oct. 1, 2015). In this analysis, the mapping of these new categories follows mappings used in the RPW report.

As requested in Order No. 2741, information is provided in Table 4 of USPS-FY16-14 on the composition of non-CRRTS 5-Digit pallets, disaggregating these pallets between 5-Digit Merged pallets and 5-Digit Presort pallets.

Predecessor Documents include USPS-FY12-15, Docket No. ACR 2012, USPS-FY11-14, Docket No. ACR 2011 USPS-FY10-15 in Docket No. ACR2010, USPS-FY09-15 in Docket No. ACR2009, USPS-FY08-15 in Docket No. ACR2008, USPS-FY07-15 filed in Docket No. ACR2007, and Docket No. R2001-1, USPS-LR-J-63 for Density Study. The corresponding nonpublic document is USPS-FY16-NP25.

The tables of the characteristics estimates are presented below and in electronic version in the Excel workbook 'MAILCHAR16V.xls'. The estimates of RPW by shape and indicia are presented in the Excel workbook "Shape Indicia FY 2016V.xls". The coverage factor and results are provided in the workbook "Coverage Factors 16m.xls". The programs and workbooks used to estimate these volumes are described in the Program Documentation.

This folder relies upon the FY 2016 PostalOne! mailing statement database; FY 2016 Mail.dat data from the PostalOne! eVS system; and USPS-LR-L-32 for First-Class Mail.

The following folders found in this report are used as input/output to USPS-FY16-14:

Folders in this Report Utilizing Output from USPS-FY16-14

Folder Number	Data/Information Provided
USPS-FY16-10	• FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-11	• FY 2016 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY16-13	• FY 2016 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail

USPS-FY16-15

This folder is entitled:

USPS-FY16-15   FY 2016 Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model

USPS-FY16-15 documents the mail processing and delivery cost estimates for Bound Printed Matter and the mail processing unit cost estimates for the Media Mail - Library Mail price categories.

The most recent predecessor document for the Bound Printed Matter mail processing cost model is Docket No. ACR2015, USPS-FY15-15. The most recent predecessor for the Media Mail – Library Mail mail processing cost model is Docket No. ACR2015, USPS-FY15-15. There is no nonpublic document that corresponds to USPS-FY16-15.

The Bound Printed Matter and Media Mail / Library Mail cost estimate outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY16-3. The Media Mail / Library Mail weighted average model cost, proportional adjustment factor and fixed adjustment factor are also relied upon in the Bulk Parcel Return Service (BPRS) cost study contained in USPS-FY16-16.

The Bound Printed Matter cost estimates are presented in the Excel workbook 'USPS-FY16-15.BPM.xls' in the spreadsheet tab entitled 'Summary' (page 1). Data sources are referenced in each spreadsheet throughout the workbook. The Media Mail - Library Mail cost estimates are presented in the Excel workbook 'USPS-FY16-15.MM-LM.xls' in the spreadsheet tab entitled 'Summary' (page 1). Data sources are referenced in each spreadsheet throughout the workbook.

The following folders found in this report are used as input/output to USPS-FY16-15:

Folders in this Report Used as Input to USPS-FY16-15

Folder Number	Data/Information Used
USPS-FY16-1	• FY 2016 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY16-2	• FY 2016 Public Cost Segments and Components
USPS-FY16-4	• FY 2016 Market Dominant Billing Determinants
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-22	• FY 2016 Bound Printed Matter Mail Processing Costs and Parcel Post Window Service Costs
USPS-FY16-23	• MODS Productivity Data
USPS-FY16-24	• FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-25	• FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-36	• Transportation Cost Systems (TRACS) Documentation (Public Version)
USPS-FY 08-15	• 2008 Delivery Unit Study

Folders in this Report Utilizing Output from USPS-FY16-15

Folder Number	Data/Information Provided
USPS-FY16-3	• FY 2016 Discounts and Passthroughs of Workshare Items
USPS-FY16-16	• FY 2016 Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model

USPS-FY16-16

This folder is entitled:

USPS-FY16-16   FY 2016 Bound Printed Matter Transportation Cost Model
                                  and Bulk Parcel Return Service Cost Model

USPS-FY16-16 documents the Bound Printed Matter transportation cost estimates and the Bulk Parcel Return Service cost estimates. The Bound Printed Matter transportation cost estimate outputs and the Bulk Parcel Return Service cost outputs are relied upon to develop the discounts and passthrough values contained in USPS-FY16-3.

Docket No. ACR2012, USPS-FY15-16 is the predecessor document for the Bound Printed Matter transportation cost model. Docket No. ACR2015, USPS-FY15-16 is the predecessor document for the Bulk Parcel Return Service cost model. There is no nonpublic document that corresponds to USPS-FY16-16.

The Bound Printed Matter aggregate, flats, and parcels transportation cost estimates are presented in the Excel workbooks 'USPS-FY16-16.BPM_TOTAL.xls,' 'USPS-FY16-16.BPM_FLATS.xls,'and 'USPS-FY16-16.BPM_PARCELS.xls' in the 'Cost-Sum' spreadsheets on pages 1, 8, and 15, respectively. The Bulk Parcel Return Service cost estimates are presented in the Excel workbook 'USPS-FY16-16.BPRS.xls' in the spreadsheet 'Cost-Sum' on page 22. Data sources are referenced in each spreadsheet throughout the workbook.

The following folders found in this report are used as input/output to USPS-FY16-16:

Folders in this Report Used as Input to USPS-FY16-16

Folder Number	Data/Information Used
USPS-FY16-1	• FY 2016 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-13	• FY 2016 Standard Mail and Periodicals Destination Entry Cost Models
USPS-FY16-15	• FY 2016 Bound Printed Matter Mail Processing Cost Model and Media Mail – Library Mail Mail Processing Cost Model
USPS-FY16-23	• MODS Productivity Data
USPS-FY16-24	• FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-25	• FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-32	• FY 2016 CRA "B" Workpapers (Public Version)
USPS-FY16-36	• Transportation Cost Systems (TRACS) Documentation (Public Version)

USPS-FY16-17

This folder is entitled:

USPS-FY16-17   FY 2016 Annual Report and Comprehensive Statement of
                      Postal Operations

The Postal Service publishes a number of reports that are responsive to different legislative requirements. They provide stakeholders with an accounting of our activities and results. To avoid duplication and improve consistency, our Annual Report to Congress, the Comprehensive Statement on Postal Operations, and our Annual Performance Report and Plan are combined in a single document. USPS-FY16-17 consists of the Annual Report, the Comprehensive Statement on Postal Operations and the Annual Performance Report and Plan.

Since this folder is provided as general background information, it is not directly relied upon by the Postal Service in this filing.

USPS-FY16-18

This folder is entitled:

USPS-FY16-18   FY 2016 ECR Mail Processing Unit Costs

USPS-FY16-18 documents the development of mail processing unit costs for Standard Mail Enhanced Carrier Route (ECR). It contains printed and electronic documentation of the spreadsheets and programs used to develop these costs.

The most recent predecessor document is Docket No. ACR2015, USPS-FY15-18. There is no corresponding nonpublic document.

The main results are presented in two Excel workbooks: FY16 ECR Mail Proc Costs.xls and FY16 ECR Unit Costs.xls. Data sources are referenced in each spreadsheet in the Excel workbooks. The programs and workbooks used to estimate these costs are described in the Program Documentation section.

The following folders found in this report are used as input/output to USPS-FY16-18:

Folders in this Report Used as Input to USPS-FY16-18

Folder Number	Data/Information Used
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-13	• Standard Mail and Periodicals Destination Entry Cost Models
USPS-FY16-14	• Mail Characteristics Study (Public Portion)
USPS-FY16-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Portion)
USPS-FY16-26	• FY 2016 Mail Processing Costs by Shape (Public Version)

Folders in this Report Utilizing Output from USPS-FY16-18

Folder Number	Data/Information Provided
USPS-FY16-3	• FY 2016 Discounts and Passthroughs of Workshare Items

USPS-FY16-19

This folder is entitled:

USPS-FY16-19   FY 2016 Delivery Costs By Shape

USPS-FY16-19 documents the development of FY 2016 delivery costs by rate category for First-Class Mail, Periodicals, Standard Mail, Bound Printed Matter, and Media Mail. Predecessor documents include ACR2015, PRC-LR-ACR2015/8 and USPS-FY15-19.

There is no corresponding nonpublic document to USPS-FY16-19.

The main results are presented in two Excel workbooks entitled UDCModel16 and FSSDeliveryModel16. Documentation is included on the NOTES tab in each workbook.

Folders in this Report Used as Input to USPS-FY16-19

Folder Number	Data/Information Used
USPS-FY16-10	• FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-14	• Mail Characteristics Study (Public Version)
USPS-FY16-24	• FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-32	• FY 2016 CRA "B" Workpapers (Public Version)
USPS-FY16-34	• City Carrier Cost System (CCCS) Documentation (Public Version)
USPS-FY16-35	• Rural Carrier Cost System (RCCS) Documentation (Public Version)
USPS-FY16-37	• In-Office Cost System (IOCS) Documentation (Public Version)

Folders in this Report Utilizing Output from USPS-FY16-19

Folder Number	Data/Information Provided
USPS-FY16-3	• FY 2016 Discounts and Passthroughs of Workshare Items
USPS-FY16-10	• FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-27	• FY 2016 Nonprofit Mail Cost Approximations
USPS-FY16-30	• FY 2016 Market Dominant NSA Materials

USPS-FY16-20

This folder is entitled:

USPS-FY16-20   FY 2016 Window Service Costs by Shape

USPS-FY16-20 documents the development of window service volume-variable costs by shape for market dominant Presorted First-Class Mail, Standard Mail Regular, and Standard Mail ECR. It contains printed and electronic documentation of the spreadsheets and programs used to develop these costs.

Predecessor documents include Docket No. R2006-1, USPS-LR-L-106; Docket No. ACR 2007, USPS-FY07-20; Docket No. ACR 2008, USPS-FY08-20; Docket No. ACR 2009, USPS-FY09-20; Docket No. ACR 2010, USPS-FY10-20; Docket No. ACR 2011, USPS-FY11-20; Docket No. ACR 2012, USPS-FY12-20; Docket No. ACR 2013, USPS-FY13-20; and most recently Docket No. ACR 2015, USPS-FY15-20. There is no corresponding nonpublic document.

The main results are presented in the Excel workbook 'FY16Window Service Costs.xls' in the spreadsheet 'FY16 Adj Costs.' Data sources are referenced in each spreadsheet in the Excel workbook 'FY16 Window Service Costs.xls.' The programs and workbooks used to estimate these costs are described in the Program Documentation section.

The following folders found in this report are used as input/output to USPS-FY16-20:

Folders in this Report Used as Input to USPS-FY16-20

Folder Number	Data/Information Used
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY16-24	• FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-26	• FY 2016 Mail Processing Costs by Shape (Public Version)

USPS-FY16-21

This folder is entitled:

USPS-FY16-21   Business Reply Mail Cost Model

USPS-FY16-21 documents the worksharing-related savings estimate for QBRM letters and cards and the Business Reply Mail Fee cost estimates.

Docket No. ACR2015, USPS-FY15-21 is the predecessor document. There is no nonpublic document that corresponds to USPS-FY16-21.

The Qualified Business Reply Mail cost avoidance estimate is presented in the Excel workbook 'USPS-FY16-21.xls' in the spreadsheet tab entitled 'QBRM COST AVOIDANCE SUMMARY' (Section A, page 1). The Business Reply Mail fee cost estimates are presented in the Excel workbook 'USPS-FY16-21.xls' in the spreadsheet tab entitled 'BRM FEES SUMMARY' (Section B, page 1). Data sources are referenced in each spreadsheet throughout the workbook.

The following folders found in this report are used as input/output to USPS-FY16-21:

Folders in this Report Used as Input to USPS-FY16-21

Folder Number	Data/Information Used
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-10	• FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-23	• MODS Productivity Data
USPS-FY16-24	• FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-25	• FY 2016 Mail Processing Piggyback Factors (Operation Specific)

Folder in this Report Utilizing Output from USPS-FY16-21

Folder Number	Data/Information Provided
USPS-FY16-3	• FY 2016 Discounts and Passthroughs of Workshare Items

USPS-FY16-22

This folder is entitled:

USPS-FY16-22   FY 2016 Bound Printed Matter Mail Processing Costs

USPS-FY16-22 documents the development of mail processing costs for Bound Printed Matter. It contains printed and electronic documentation of the spreadsheets and programs used to develop these costs.

The most recent predecessor document is Docket No. ACR2015, USPS-FY15-22. There is no corresponding nonpublic document.

The main results are presented in two Excel workbooks: FY16 BPM Costs ASF.xls and FY16 BPM Costs Op07.xls. These workbooks contribute Tables 1 and 2, below, respectively. Data sources are referenced in each spreadsheet in the Excel workbooks. The programs and workbooks used to estimate these costs are described in the Program Documentation section below.

The following folders found in this report are used as input/output to USPS-FY16-22:

Folders in this Report Used as Input to USPS-FY16-22

Folder Number	Data/Information Used
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-NP21	• In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY16-26	• FY 2016 Mail Processing Costs by Shape (Public Version)

Folders in this Report Utilizing Output from USPS-FY16-22

Folder Number	Data/Information Provided
USPS-FY16-15	• FY 2016 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model/Media Mail – Library Mail Processing Cost Model

USPS-FY16-23

This folder is entitled:

USPS-FY16-23   MODS Productivity Data

USPS-FY16-23 provides FY16 productivity data for selected operations at MODS plants, Network Distribution Centers (NDCs, formerly Bulk Mail Centers or BMCs), and Remote Encoding Centers (RECs).

The most recent predecessor document are the following;

Docket No. R2006-1, USPS-LR-L-56, Part III.
Docket No. ACR2007, USPS-FY07-23.
Docket No. ACR2008, USPS-FY08-23.
Docket No. ACR2009, USPS-FY09-23.
Docket No. ACR2010, USPS-FY10-23.
Docket No. ACR2011, USPS-FY11-23.
Docket No. ACR2012, USPS-FY12-23.
Docket No. ACR2013, USPS-FY13-23.
Docket No. ACR2015, USPS-FY15-23.

There is no corresponding nonpublic document.

The productivity data are presented in the Excel workbooks 'YRscrub2016.xlsx', 'NDCscrub2016.xlsx', and 'RECprods2016.xlsx'.

The following folders found in this report are used as input/output to USPS-FY16-23:

Folders in this Report Utilizing Output from USPS-FY16-23

Folder Number	Data/Information Provided
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-10	• FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-11	• FY 2016 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY16-15	• FY 2016 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY16-NP18	• Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Portion)

USPS-FY16-24

This folder is entitled:

USPS-FY16-24   FY 2016 Non-Operation Specific Piggyback Factors (Public Version)

USPS-FY16-24 documents development of the piggyback factors for major functions (e.g., mail processing, window service, city delivery, rural delivery, vehicle service drivers, and postmasters) for each Market Dominant product for FY 2016. Piggyback factors are employed in cost studies to augment labor cost estimates for the major functions by adding the costs associated with supervisors and administration, service-wide benefits, along with facility-related and equipment-related costs.

Predecessor documents include Docket No. R2006-1, USPS-LR-L-98, parts I and II; and Docket No. ACR2015, USPS-FY15-24. The corresponding nonpublic document is USPS-FY16-NP19, which contains the piggyback factors for all classes and subclasses and links to the CRA model output.

Results can be seen in the Excel workbook FY16Public.PB.xls.

The following folders found in this report are used as input/output to USPS-FY16-24:

Folders in this Report Used as Input to USPS-FY16-24

Folder Number	Data/Information Used
USPS-FY16-31	• FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

Folders in this Report Utilizing Output from USPS-FY16-24

Folder Number	Data/Information Provided
USPS-FY16-10	• FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-11	• FY 2016 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY16-12	• Standard Mail Hybrid/Parcel Cost Study
USPS-FY16-14	• FY 2016 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY16-15	• FY 2016 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY16-16	• FY 2016 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)
USPS-FY16-18	• FY 2016 ECR Mail Processing Unit Costs
USPS-FY16-19	• FY 2016 Delivery Costs By Shape
USPS-FY16-20	• FY 2016 Window Service Cost by Shape
USPS-FY16-21	• FY 2016 QBRM and BRM Costs
USPS-FY16-22	• FY 2016 Bound Printed Matter Mail Processing Costs
USPS-FY16-25	• FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-26	• FY 2016 Mail Processing Costs by Shape (Public Version)
USPS-FY16-28	• FY 2016 Special Cost Studies Workpapers – Special Services
USPS-FY16-NP10	• FY 2016 ICM Data
USPS-FY16-NP26	• FY 2016 Special Cost Studies Workpapers – Special Services (Nonpublic Version)

USPS-FY16-25

This folder is entitled:

USPS-FY16-25   FY 2016 Mail Processing Piggyback Factors (Operation Specific)

USPS-FY16-25 documents development of the mail processing cost pool piggyback factors and operation specific mail processing piggyback factors. Piggyback factors are employed in cost studies to augment processing cost pool and operations labor costs by adding the costs associated with supervisors and administration, service-wide benefits, and facility-related and equipment-related costs.

Predecessor documents are Docket No. R2006-1, USPS-LR-L-98, parts I and II; and Docket No. ACR2015, USPS-FY15-24. The corresponding nonpublic document, USPS-FY16-NP19, contains the piggyback factors for all products and links to the CRA model output.

The following folders found in this report are used as input/output to USPS-FY16-25:

Folders in this Report Used as Input to USPS-FY16-25

Folder Number	Data/Information Used
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-8	• Equipment and Facility Related Costs
USPS-FY16-23	• MODS Productivity Data
USPS-FY16-24	• FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-31	• FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

Folders in this Report Utilizing Output from USPS-FY16-25

Folder Number	Data/Information Provided
USPS-FY16-10	• FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-11	• FY 2016 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY16-12	• Standard Mail Hybrid/Parcel Cost Study
USPS-FY16-14	• FY 2016 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY16-15	• FY 2016 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY16-16	• FY 2016 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)
USPS-FY16-18	• FY 2016 ECR Mail Processing Unit Costs
USPS-FY16-19	• FY 2016 Delivery Costs By Shape
USPS-FY16-20	• FY 2016 Window Service Cost by Shape
USPS-FY16-21	• FY 2016 QBRM and BRM Costs
USPS-FY16-22	• FY 2016 Bound Printed Matter Mail Processing Costs
USPS-FY16-26	• FY 2016 Mail Processing Costs by Shape (Public Version)
USPS-FY16-28	• FY 2016 Special Cost Studies Workpapers – Special Services
USPS-FY16-NP20	• FY 2016 Mail Processing Costs by Shape (Nonpublic Version)

USPS-FY16-26

This folder is entitled:

USPS-FY16-26   FY 2016 Mail Processing Costs by Shape (Public Version)

USPS-FY16-26 provides Mail Processing Unit Costs by Shape for FY 2016 for First-Class Mail, Periodicals, Standard Mail and Package Services. These costs are provided by cost pool, and include piggyback or indirect costs.

Predecessor documents are Docket No. R2006-1, USPS-LR-L-99 and PRC-LR-9; Docket No. ACR 2007, USPS-FY07-26 and Docket No. ACR 2015, USPS-FY15-26 and PRC-LR-ACR2015/8.

USPS-FY16-NP20 is the corresponding nonpublic document, containing mail processing costs by shape for First-Class Package Service, Parcel Select and Parcel Return Services.

Mail Processing Costs by Shape are contained in the Excel workbook shp14prc.xls.

The following folders found in this report are used as input/output to USPS-FY16-26:

Folders in this Report Used as Input to USPS-FY16-26

Folder Number	Data/Information Used
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-14	• Mail Characteristics Study (Public Version)
USPS-FY16-24	• FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-25	• FY 2016 Mail Processing Piggyback Factors (Operation Specific)

Folders in this Report Utilizing Output from USPS-FY16-26

Folder Number	Data/Information Provided
USPS-FY16-10	• FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-11	• FY 2016 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY16-12	• Standard Mail Hybrid/Parcel Cost Study
USPS-FY16-14	• FY 2016 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY16-15	• FY 2016 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY16-16	• FY 2016 Special Cost Studies Workpapers - Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Public Version)
USPS-FY16-18	• FY 2016 ECR Mail Processing Unit Costs
USPS-FY16-19	• FY 2016 Delivery Costs By Shape
USPS-FY16-20	• FY 2016 Window Service Cost by Shape
USPS-FY16-21	• FY 2016 QBRM and BRM Costs
USPS-FY16-22	• FY 2016 Bound Printed Matter Mail Processing Costs
USPS-FY16-30	• FY 2016 Market Dominant NSA Materials

USPS-FY16-27

This folder is entitled:

USPS-FY16-27   FY 2016 Nonprofit Mail Cost Approximations

USPS-FY16-27 approximates the unit costs, total costs and contribution associated with Nonprofit Standard Mail by using the volumes and revenues associated with Nonprofit Standard Mail in conjunction with estimated unit costs by product, shape and rate category for Standard Mail. Because the Postal Service's data systems do not collect cost information separately for Nonprofit and Commercial mail, the estimated costs reported for Standard Mail represent costs for the combined categories. Although it may be reasonable to assume, for instance, that an Automation 5-Digit Nonprofit letter and an Automation 5-Digit Commercial letter would have similar costs, there may be cost-causing characteristics which are not explicitly incorporated into the cost models and which may vary for Nonprofit relative to those for Commercial mail. The Postal Service does not represent that USPS-FY16-27 necessarily reflects the actual costs of Nonprofit mail, but rather, it approximates the costs of Nonprofit mail assuming that the costs of Nonprofit mail are the same as the costs of Standard Mail, at the disaggregated level.

The predecessor document is USPS-FY15-27. There is no corresponding nonpublic document. USPS-FY16-27 consists of a preface and one Excel file, StandardNonprofit2016.xls.

The following folders found in this report are used as input/output to USPS-FY16-27:

Folders in this Report Used as Input to USPS-FY16-27

Folder Number	Data/Information Used
USPS-FY16-2	• FY 2016 Public Cost Segments and Components
USPS-FY16-4	• FY 2016 Market Dominant Billing Determinants
USPS-FY16-12	• Standard Mail Hybrid/Parcel Cost Study
USPS-FY16-13	• Standard Mail Destination Cost Entry Estimates
USPS-FY16-18	• FY 2016 ECR Mail Processing Unit Costs
USPS-FY16-19	• FY 2016 Delivery Costs By Shape
USPS-FY16-30	• FY 2016 Market Dominant NSA Materials

<u>USPS-FY16-28</u>

This folder is entitled:

USPS-FY16-28   FY 2016 Special Cost Studies Workpapers – Special
                      Services (Public Portion)

USPS-FY16-28 documents the unit cost estimates for selected domestic Special Services, supplementing the cost information provided in USPS-FY16-1. These cost studies include: Address Management Services, Caller Service, Certificate of Mailing, Change of Address Credit Card Authentication (Public Portion), Correction of Mailing Lists, Insurance, Money Order Inquiry, Periodicals Applications, Philatelic Sales, P.O. Box Key Replacement and Lock Changes, Restricted Delivery, Return Receipt, Signature Confirmation (Public Portion), Stamped Cards, Stamped Envelopes Transportation, Stamped Envelopes (Personalized Stamped Envelope Shipping Costs), Stamp Fulfillment Services (Handling), USPS Tracking, and ZIP Coding of Mailing Lists.

Order No. 2076 is the predecessor document for the Philatelic Sales and Stamp Fulfillment Services Handling cost studies. Docket No. ACR 2015, USPS-FY15-28 is the predecessor document for all other cost studies. USPS-FY16-NP26 covers Special Services for items designated as nonpublic.

The following folders found in this report are used as input/output to USPS-FY16-28:

Folders in this Report Used as Input to USPS-FY16-28

Folder Number	Data/Information Used
USPS-FY16-1	• FY 2016 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY16-2	• FY 2016 Public Cost Segments and Components Report
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-8	• Equipment and Facility Related Costs
USPS-FY16-24	• FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-25	• FY 2016 Mail Processing Piggyback Factors (Operation Specific)

Folders in this Report Utilizing Output from USPS-FY16-28

Folder Number	Data/Information Provided
USPS-FY16-31	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY16-NP13	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Nonpublic Version)

The cost studies for Special Services are organized as follows:

1. Address Management Services

The workbook "AMS2016.xlsx" contains the cost sheets that are used to develop Address Management Services (AMS) cost estimates. The costs of AMS are reported in the D Report (USPS-FY16-31).

2. Caller Service

The workbook "Caller Service2016.xlsx" contains the cost sheets that are used to develop Caller Service cost estimates.

3. Certificate of Mailing

The workbook "Certificate of Mailing2016.xlsx" contains the cost sheets that are used to develop Certificate of Mailing cost estimates.

4. Change of Address Credit Card Authentication (Public Portion)

The workbook "CreditCard2016 Public.xlsx" contains the cost sheets that are used to develop Credit Card Authentication cost estimates. The costs of Credit Card Authentication are reported in the D Report (USPS-FY16-31).

5. Correction of Mailing Lists

The workbook "Correction of Mailing Lists2016.xlsx" contains the cost sheets that are used to develop Correction of Mailing Lists cost estimates.

6. Insurance

The workbook "Insurance Costs2016.xlsx" contains the cost sheet that is used to disaggregate insurance costs.

7. Money Order Inquiry

The workbook "Money Order Inquiry and Float2016.xlsx" contains the cost sheets that are used to develop Money Order inquiry cost estimates. The "ACTUAL TOTALS" worksheet contains float information for money orders.

8. Periodicals Applications

The workbook "Periodicals App Fee2016.xlsx" contains the cost sheets that are used to develop Periodicals Application cost estimates.

9. Philatelic Sales

The workbook "Philatelic Sales SFS Handling2016.xlsx" contains the cost sheets that are used to develop Philatelic product cost estimates and Stamp Fulfillment Services Handling cost estimates for non-Philatelic products. The Philatelic Sales cost study and the SFS Handling cost study (formerly Attachment 17) have been combined into one workbook due to the fact that they rely on much of the same input data and generate outputs that are an input to the other cost study. In addition, the cost study was reorganized in order to reduce the number of worksheets that contain cost inputs and improve the citations. No cost methodologies have been changed. The Philatelic product costs are also reported in USPS-FY16-NP27. The Stamp Fulfillment Services Handling costs for non-Philatelic products are reported in the D report (USPS-FY16-31).

10. P.O. Box Key Replacement and Lock Changes

The workbook "PO BoxesKeyReplacement2016.xlsx" contains the cost sheets that are used to develop PO Box key replacement and lock change cost estimates.

11. Restricted Delivery

The workbook "Restricted Delivery2016.xlsx" contains the cost sheets that are used to develop Restricted Delivery cost estimates.

12. Return Receipt

The workbook "Return Receipt2016.xlsx" contains the cost sheets that are used to develop Return Receipt cost estimates. The Return Receipt After Mailing (RRAM) price category was removed from the Price List in FY 2015. The worksheet in which those costs were calculated has therefore been removed from the cost study. Some RRAM specific cost model inputs were also removed from the cost study. In addition, the cost study was reorganized in order to reduce the number of worksheets that contain cost inputs and improve the citations. Finally, an error was corrected in the cost study. The electronic Return Receipt (eRR) price category was established in Docket No. R2001-1. Since its inception, the window acceptance time estimate for regular Return Receipt has been used as a proxy for eRR. An updated time estimate for regular Return Receipt was presented in Docket No. RM2012-1 and subsequently approved by the Commission in Order No. 1153. The Postal Service, however, neglected to present that time estimate as the proxy for eRR in that docket. Since the approval of Docket No. RM2012-1, the eRR value in the cost model has continued to be the time estimate for regular Return Receipt that was developed in Docket No. R2000-1. This error has been corrected. The Docket No. RM2012-1 window acceptance time estimate for regular Return Receipt is now being used as the proxy for eRR. No cost methodologies have been changed.

13. Signature Confirmation (Public Portion)

The workbook "SigCon2016 Public.xlsx" contains the cost sheets that are used to develop Signature Confirmation cost estimates. The cost study that was filed in Docket No. ACR2015 contained redundant worksheets and information not required to develop the cost estimates. In addition, some cost inputs were hardcoded into many cells in nearly every worksheet. Some of the citations in these worksheets were not detailed or accurate. The FY 2016 version of the cost model has been reorganized so that all the cost inputs and citations are on the 'Inputs' worksheet (page 1). All redundant worksheets and extraneous data have been removed from the cost study. These modifications are purely cosmetic; the methodology used to develop the cost estimates has not changed. This cost study is identical to the cost study filed in USPS-FY16-NP26 (Attachment 7), with the exception that the Competitive product cost estimates have been redacted.

14. Stamped Cards

The workbook "Stamped Cards2016.xlsx" contains the cost sheets that are used to develop Stamped Card cost estimates.

15. Stamped Envelopes Transportation

The workbook "Stamped Envelopes2016.xlsx" contains the cost sheets that are used to develop Stamped Envelope cost estimates. The cost study itself has been reorganized to minimize the number of worksheets that contain inputs. No cost methodologies have been changed. In addition, extraneous data that did not affect the calculations were removed from the model. An error was also identified in the cost model. FY 1998 SFS Customer Service costs have been used to develop the sales cost estimates for several years, but those costs have never been scaled to current terms using a CPI-U factor. This error has now been corrected.

16. Personalized Stamped Envelopes

The workbook "Stamped Envelopes PSES2016.xlsx" contains the cost sheets that are used to develop Personalized Stamped Envelope shipping cost estimates. The Personalized Stamped Envelope shipping costs are reported in the D report (USPS-FY16-31).

17. Reserved

The SFS Handling cost study that was previously filed as Attachment 17 has been combined with the Philatelic Sales cost study in Attachment 9, as described above. Attachment 17 will be reserved as a filing location for future cost studies.

18. USPS Tracking

The workbook "USPSTracking2016.xlsx" contains the cost sheets that are used to develop USPS Tracking unit cost estimates. The cost study that was filed in Docket No. ACR2015 contained redundant worksheets and information not required to develop the cost estimates. In addition, some cost inputs were hardcoded into many cells in nearly every worksheet. Some of the citations in these worksheets were not detailed or accurate. The FY 2016 version of the cost model has been reorganized so that all the cost inputs and citations are on the 'Inputs' worksheet (page 1). All redundant worksheets and extraneous data have been removed from the cost study. These modifications are purely cosmetic; the methodology used to develop the cost estimates has not changed.

In Docket No. RM2014-6, Proposal Eight, the Postal Service presented a new methodology for estimating USPS Tracking costs. In Order No. 2180, the Postal Regulatory Commission approved Proposal Eight and stated, "the USPS Tracking cost model (USPS-FY13-NP26) used to calculate the distribution of USPS Tracking costs to the host product is no longer necessary." There are two products, however, for which USPS Tracking cost estimates are still necessary. The first product is Standard Mail parcels. Standard Mail parcels are currently assessed a USPS Tracking fee for the electronic service. The second product is First-Class Mail parcels. The First-Class Mail parcels electronic cost estimate is used to support International negotiated service agreements (NSA). The cost estimates for all other products have been removed from the cost study.

19. ZIP Coding of Mailing Lists

The workbook "ZIP Coding of Mailing Lists2016.xlsx" contains the cost sheets that are used to develop ZIP Coding of Mailing Lists cost estimates.

USPS-FY16-29

This folder is entitled:

USPS-FY16-29   Annual Report on Service Performance for Market Dominant
                           Products

USPS-FY16-29 contains the annual report on the service performance of market
dominant products.

USPS-FY12-29 is the most recent predecessor document. There is no corresponding
nonpublic document to USPS-FY16-29.

USPS-FY16-29 relies on service standards, targets, and measurement methods
established by the Postal Service upon consultation with the Commission, as reflected
in 72 Fed. Reg. 58,946, 72 Fed. Reg. 72,216, 77 Fed. Reg. 31,190, 79 Fed. Reg. 4079,
and 79 Fed. Reg. 44,700 and in PRC Docket Nos. PI2008-1, RM2009-11, RM2010-11,
RM2010-14, RM2011-1, and RM2011-14. As required by 39 C.F.R. § 3055.2(e), the
measurement systems, methodologies, and proxies used for each product are
described in the enclosed reports.

A narrative report that addresses each element of 39 C.F.R. §§ 3055.2 and 3055.3(b) is
included as a PDF document entitled "Service Performance ACR FY16.pdf." USPS-
FY16-29 also includes the following five Excel workbooks with data required by Part
3055, Subpart A, of the Commission's Rules:

FY16 ACR First-Class Mail.xls
FY16 ACR Package Services.xls
FY16 ACR Periodicals.xls
FY16 ACR Special Services.xls
FY16 ACR Standard Mail.xls

In accordance with Rule 3055.7, a PDF document entitled "Special Study of Off-Shore
Service Performance FY16" is also included in USPS-FY16-29.

USPS-FY16-30

This folder is entitled:

USPS-FY16-30   FY 2016 Market Dominant NSA Materials

USPS-FY16-30, FY 2016 Market Dominant NSA Materials, reports revenues and volumes associated with Market-Dominant NSAs that were in effect during FY16 and had been in effect for one year by the end of FY16. It also calculates the costs and incremental values of those NSAs. Section III of this preface also includes some information about certain services included in the Mail Classification System (MCS) under Address Management Services.

USPS-FY15-30 (FY 2015 Market Dominant NSA Documentation) is the predecessor document. There is no corresponding nonpublic document. Information on competitive domestic NSAs is found in USPS-FY16-NP27.

Besides this preface, USPS-FY16-30 NSA Materials contains two Excel workbooks. One file, "FY 16 NSA Unit Cost Detail Data Calculations.xls", pulls together unit cost information. The second file, **"FY16.30_ACR.NSA.xls"**, contains one worksheet that replicates the summary unit costs information from the first file "FY 16 NSA Unit Cost Detail Data Calculations.xls", one worksheet containing calculations related to the current NSA, one worksheet that presents summary calculations for the FY 2016 CRA, and one worksheet that presents the results using the Commission's methodology for evaluating the financial performance of NSAs.

The following folders found in this report are used as input to USPS-FY16-30:

Folders in this Report Used as Input to USPS-FY16-30

Folder Number	Data/Information Used
USPS-FY16-4	• FY 2016 Market Dominant Billing Determinants
USPS-FY16-10	• FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-11	• FY 2016 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY16-18	• FY 2016 ECR Mail Processing Unit Costs
USPS-FY16-19	• FY 2016 Delivery Costs By Shape
USPS-FY16-24	• FY 2016 Non-Operation Specific Piggyback Factors (Public Version)

Folders in this Report Utilizing Output from USPS-FY16-30

Folder Number	Data/Information Provided
USPS-FY16-27	• FY 2016 Nonprofit Mail Cost Approximations
USPS-FY16-NP13	• FY 2016 Nonpublic Cost and Revenue Analysis (NPCRA) Report

USPS-FY16-31

This folder is entitled:

USPS-FY16-31 FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

USPS-FY16-31 contains the Fiscal Year 2016 Cost and Revenue Analysis (CRA) Model along with associated cost matrices and reports. Files are provided in Excel format.

In the Postal Service's FY 2015 Annual Compliance Report (ACR) filing (Docket No. ACR2015, December 29, 2015), this material was presented as USPS-FY15-31. A nonpublic version of the FY 2016 CRA Model is filed as USPS-FY16-NP13. The nonpublic version contains complete cost data for the domestic Competitive products listed above.

The following folders found in this report are used as input/output to USPS-FY16-31:

Folders in this Report Used as Input to USPS-FY16-31

Folder Number	Data/Information Used
USPS-FY16-5	• Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-8	• Equipment and Facility Related Costs
USPS-FY16-28	• FY 2016 Special Cost Studies Workpapers – Special Services (Public Version)
USPS-FY16-30	• FY 2016 Market Dominant NSA Materials
USPS-FY16-32	• FY 2016 CRA "B" Workpapers (Public Version)
USPS-FY16-37	• In-Office Cost System (IOCS) Documentation (Public Version)
USPS-FY16-42	• Revenues, Pieces, & Weight (Public Version)

Folders in this Report Utilizing Output from USPS-FY16-31

Folder Number	Data/Information Provided
USPS-FY16-1	• FY 2016 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY16-2	• FY 2016 Public Cost Segments and Components
USPS-FY16-24	• FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-39	• FY 2016 Competitive Products Fund Reporting Materials
USPS-FY16-43	• Market Dominant Product Incremental Costs

The contents of USPS-FY16-31 are organized in electronic folders as follows:

1. CRA Model Files

USPS-FY16-31\CRA Model Files\FY16Public.CRA.Model.xls	CRA run module
USPS-FY16-31\CRA Model Files\FY16Public.CRA.DIM.xls	CRA data input module
USPS-FY16-31\CRA Model Files\FY16Public.cntl.xls	CRA control table/data source

2. CRA Cost Files

USPS-FY16-31\CRA Cost Files\FY16Public.I.xls	Input matrix
USPS-FY16-31\CRA Cost Files\FY16Public.Mod1.xls	GDEI calcs and output matrix
USPS-FY16-31\CRA Cost Files\FY16Public.A.xls	"A" calcs and output matrix
USPS-FY16-31s\CRA Cost Files\FY16Public.F.xls	"F" calcs and output matrix
USPS-FY16-31\CRA Cost Files\FY16.PublicB.xls	"B" calcs and output matrix

3. CRA Report Files

USPS-FY16-31\CRA Report Files\FY16Public.IRpt.xls	Input report
USPS-FY16-31\CRA Report Files\FY16Public.ARpt.xls	"A" report (w/out PESSA costs)
USPS-FY16-31\CRA Report Files\FY16Public.FRpt.xls	Factor report
USPS-FY16-31\CRA Report Files\FY16Public.BRpt.xls	"B" report (PESSA detail)
USPS-FY16-31\CRA Report Files\FY16Public.CRpt.xls	Cost Segs and Comp report
USPS-FY16-31\CRA Report Files\FY16Public.DRpt.xls	Final adjustments

USPS-FY16-32

This folder is entitled:

USPS-FY16-32   FY 2016 CRA "B" Workpapers (Public Version)

USPS-FY16-32, FY 2016 CRA "B" Workpapers, inputs and calculates costs by cost segment, which are used by USPS-FY-16-31, CRA Model, to produce USPS-FY16-2, Cost Segments and Components Report. The workpapers calculate volume variable and product specific costs by product for 12 of the 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier Street Activities, Rural Carriers, Purchased Transportation, etc. USPS-FY16-32 contains electronic documentation of the spreadsheets and programs used to develop these costs.

This folder also contains for the first time, a report entitled Report on Estimation of Variabilities for Customer Care Centers. This report in pdf format displays and discusses the results of re-estimating the variability equations included in its Status Report from Docket No. RM2015-5, Proposal Twelve. The Commission directed the Postal Service to file an annual report that re-estimated the variability equations from its Status Report and to supply an explanation as to whether the data used to re-estimate the equations are sufficient to overturn Proposal Twelve's Variability Assumptions regarding the elasticity of costs of Customer Care Centers in CS3, Component 424.

Predecessor documents include Docket No. ACR2015, PRCACR2015-LR1, and USPS-FY15-32. USPS-FY16-NP14 is the corresponding nonpublic folder.

The USPS-FY16-32 "B" Workpapers consists of twelve Excel workbooks, eleven of which present cost data by separate cost segments with many worksheets in each, and the other of which, I-forms, exports data to those cost segment workbooks. Data sources are referenced in each spreadsheet. It also includes a pdf file entitled Report on Estimation of Variabilities for Customer Care Centers.

The following folders found in this report are used as input/output to USPS-FY16-32:

Folders in this Report Used as Input to USPS-FY16-32

Folder Number	Data/Information Used
USPS-FY16-5	• Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Version)
USPS-FY16-34	• City Carrier Cost System (CCCS) Documentation
USPS-FY16-35	• Rural Carrier Cost System (RCCS) Documentation
USPS-FY16-36	• Transportation Cost Systems (TRACS) Documentation
USPS-FY16-37	• In-Office Cost System (IOCS) Documentation
USPS-FY16-40	• 2015 Rural Mail Count

Folders in this Report Utilizing Output from USPS-FY16-32

Folder Number	Data/Information Provided
USPS-FY16-13	• Standard Mail and Periodicals Destination Entry Cost Model
USPS-FY16-16	• Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model
USPS-FY16-19	• Delivery Costs by Shape
USPS-FY16-30	• FY 2016 Market Dominant NSA Materials
USPS-FY16-31	• CRA Model
USPS-FY16-43	• FY 2016 Market Dominant Product Incremental Costs

USPS-FY16-33

This folder is entitled:

USPS-FY16-33   Consumer Access to Postal Services

USPS-FY16-33 provides information regarding consumer access to postal services. In particular, it provides information regarding post offices, delivery points, collection boxes, and wait time in line.

The predecessor document is USPS-FY15-33.   There is no corresponding nonpublic document.

In addition to this preface, USPS-FY16-33 contains four Excel files:

PostOfficesFY2016.xls
DeliveryPointsFY2016.xls
CollectionBoxesFY2016.xls
WaitTimeInLineFY2016.xls

USPS-FY16-34

This folder is entitled:

USPS-FY16-34   City Carrier Cost System (CCCS) Documentation (Public
                              Version)

USPS-FY16-34 documents the statistical design of the City Carrier Cost System
(CCCS) and City Carrier Cost System – Special Purpose Route (CCCS-SPR). It
contains documentation of the statistical design and the programs used to develop
volume estimates for classes, products, and price categories of mail collected and
delivered on city letter routes and city special purpose routes. Also included are
proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

Predecessor documents include USPS-FY15-NP22, USPS-FY15-34, and Docket No.
R2006-1, USPS-LR-L-11. A nonpublic version of this document is provided as USPS-
FY16-NP22.

Volume estimates from the CCCS and CCCS-SPR rely on no input data. The following
folders found in this report are used the output from USPS-FY16-34:

Folders in this Report Utilizing Output from USPS-FY16-34

Folder Number		Data/Information Provided
USPS-FY16-19	•	FY 2016 Delivery Costs By Shape
USPS-FY16-32	•	FY 2016 CRA "B" Workpapers (Public Version)
USPS-FY16-NP3	•	FY 2016 International Cost Segments and Components Report
USPS-FY16-NP14	•	FY 2016 CRA "B" Workpapers, (Nonpublic Version)

USPS-FY16-35

This folder is entitled:

USPS-FY16-35   Rural Carrier Cost System (RCCS) Documentation (Public Version)

USPS-FY16-35 documents the statistical design of the Rural Carrier Cost System (RCCS). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on rural routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

Predecessor documents are USPS-FY15-NP23, USPS-FY15-35, and Docket No. R2006-1, USPS-LR-L-13. A nonpublic version of this document is provided as USPS-FY16-NP23.

Volume estimates from the RCCS rely on no input data. The following folders found in this report use the output from USPS-FY16-NP23:

Folders in this Report Utilizing Output from USPS-FY16-35

Folder Number	Data/Information Provided
USPS-FY16-19	• FY 2016 Delivery Costs By Shape
USPS-FY16-32	• FY 2016 CRA "B" Workpapers (Public Version)
USPS-FY16-NP3	• FY 2016 International Cost Segments and Components Report (Hard Copy & Excel)
USPS-FY16-NP14	• FY 2016 CRA "B" Workpapers, (Nonpublic Version)

USPS-FY16-36

This folder is entitled:

USPS-FY16-36   Transportation Cost Systems (TRACS) (Public Version)

USPS-FY16-36 documents the development of the estimated distribution keys for purchased transportation costs. It contains documentation for the two Transportation Cost System (TRACS) subsystems, TRACS Air and TRACS Surface (Highway), used to develop these costs. It also presents FY16 CVs (coefficients of variation) and confidence intervals for TRACS estimates.
The development of the TRACS estimated distribution keys and CVs material was presented in Docket No. ACR2015 USPS-FY15-36. A nonpublic version of this document is provided in USPS-FY16-NP24 Transportation Cost System (TRACS).

The relevant source code and outputs from TRACS are provided on the accompanying CD-ROM. The 'README_TRACS' file describes the contents of the CD-ROM, which includes an Excel file containing the CVs for TRACS. Since the TRACS Surface and Air subsystems are dissimilar, each subsystem is addressed separately in its own appendix.

The documentation is contained in three appendices:

      Appendix A: Surface Subsystem
      Appendix B: Air Subsystem
      Appendix C: Tables

The following folders found in this report are used as input/output to USPS-FY16-36:

Folders in this Report Utilizing Output from USPS-FY16-36

Folder Number	Data/Information Provided
USPS-FY16-32	• FY 2016 CRA "B" Workpapers (Public Version)
USPS-FY16-NP2	• FY 2016 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)
USPS-FY16-NP14	• FY 2016 CRA "B" Workpapers

USPS-FY16-37

This folder is entitled:

USPS-FY16-37   In-Office Cost System (IOCS) Documentation (Public Version)

USPS-FY16-37 documents the In-Office Cost System, including statistical design for and estimation of in-office labor costs. It also presents FY16 CVs (coefficients of variation) and confidence intervals for the estimates.

Documentation of statistical design and estimation were provided previously in Docket No. R2006-1, USPS-LR-L-9 and ACR2015, USPS-FY15-37.

USPS-FY16-NP21, In-Office Cost System (IOCS) Documentation is the corresponding nonpublic document to USPS-FY16-37.

This document describes the statistical design of IOCS, and provides information on the system's programs. Appendix A lists changes in data codes since FY12. Electronic data files, programs, data dictionary, flowchart and CVs are provided in the accompanying CD, described in Appendix B.

Cost estimates from the In-Office Cost System rely on no input data found in this report. The following folders found in this report are using the output from USPS-FY16 -37:

Folders in this Report Utilizing Output from USPS-FY16-37

Folder Number	Data/Information Provided
USPS-FY16-1	• FY 2016 Public Cost Segments and Components Report
USPS-FY16-7	• Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-19	• FY 2016 Delivery Costs By Shape
USPS-FY16-31	• FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY16-32	• FY 2016 CRA "B" Workpapers (Public Version)

USPS-FY16-38

This folder is entitled:

USPS-FY16-38   USPS Market Dominant Product Customer Satisfaction
                        Measurement (CSM) Survey Instruments

USPS-FY16-38 consists of seven documents. The first six are survey instruments that have been used by the Postal Service to develop measures of customer experience for fiscal year 2016: (a) the Business Service Network (BSN) Survey, which was used to survey accounts in USPS' CRM database that have reported service issues; (b) the Point of Sale (POS) Survey, which was used to survey Retail customers who conduct transactions at USPS locations with POS equipment; (c) the Delivery Survey - Residential, random sample of US households that receive mail delivery; (d) the Delivery Survey – SMB, random sample of small/ medium sized businesses (< 250 employees) that receive mail; (e) Large Business Survey which surveys customer satisfaction of businesses with greater than 250 employees ;(f) the Customer Care Center (CCC), residential customers that call the USPS Care Center and interact with a live agent are surveyed to measure their overall satisfaction with the agent's performance. The seventh document consists of summary customer insights survey data generated by use of the five survey instruments.

USPS-FY15-38 was previously filed with the Commission in connection with the Annual Compliance Report for FY 2015.

In addition to this preface, USPS-FY16-38 contains six files:

- The 'BSN – USPS FY16 BSN Web Survey' file contains the USPS Business Service Network (BSN) Survey instrument.

- The 'Delivery – USPS FY16 Residential Delivery Survey' file contains the USPS Residential Delivery Survey instrument.

- The 'Delivery – USPS FY16 Small Business Delivery Survey' file contains the USPS Small / Medium Business (SMB) Delivery Survey instrument.

- The 'POS – USPS FY16 POS Survey' file contains the USPS Point of Sale (POS) Survey instrument.

- The 'CCC – USPS FY16 CCC Web Survey' file contains the USPS Customer Care Center- Live Agent (CCC) Survey instrument.

- The 'Large Business – USPS FY16 LB Panel Survey' file contains USPS Large Business Survey instrument.
- The 'CI Question Response Counts_FY16' file is a workbook containing summary customer experience data generated through use of the six survey instruments.

USPS-FY16-39

This folder is entitled:

USPS-FY16-39   FY 2016 Competitive Products Fund Reporting Materials

USPS-FY16-39, Competitive Products Fund Reporting Materials, includes a copy of the Postal Service's annual report to the Secretary of the Treasury regarding the Competitive Products Fund, required by section 2011(i), and other Competitive Products Fund materials provided in accordance with Commission Rules 3060.20 through 3060.23. Specifically, this includes PRC Forms CP-01, CP-02, CP-03, and Form CP-04.

Last year, predecessor materials were filed as USPS-FY15-39. There is no corresponding nonpublic document. USPS-FY16-39 consists of a pdf Preface, and four Excel files.

For PRC Forms CP-01 and CP-02, inputs are this year's FY16 CRA and last year's PRC Forms CP-01 and CP-02. Inputs for PRC Forms CP-03 and CP-04 come from accounting records.

The following folders found in this report are used as input/output to USPS-FY16-39:

Folders in this Report Used as Input to USPS-FY16-39

Folder Number	Data/Information Used
USPS-FY16-NP11	• FY 2016 Nonpublic Cost and Revenue Analysis (NPCRA) Report

<u>USPS-FY16-40</u>

This folder is entitled:

USPS-FY16-40   Rural Mail Count

USPS-FY16-40 aggregates data collected from the most recent (March 2016 and February 2015) Rural Mail Counts (RMC) for two purposes: 1) to determine the sizes of the cost pools by route type ('Evaluated' and 'Other'); and 2) to use the results from part 1) to calculate volume variability factors for by route type. The relevant results of this aggregation are included in USPS-FY16-32 and USPS-FY16-NP14 (commonly called the "B" Workpapers) in workbook I-Forms, tab I-Factors.

ACR 2015, USPS-FY15-40 is the predecessor document to USPS-FY16-40.

The relevant source code and RMC data are provided on an accompanying CD-ROM. The contents of the CD-ROM are:

USPS-FY16-40.Preface.pdf Preface
FY2015.February.RMCFlat.data RMC Dataset
FY2016.March.RMCFlat.data RMC Dataset
RMC2016AnalysisforCRA.sas SAS program for analysis of RMC data

USPS-FY16-40 relies on no inputs from other ACR materials. As shown below, outputs are used by USPS-FY16-32 and USPS-FY16-NP14.

Folders in this Report Utilizing Output from USPS-FY16-40

Folder Number	Data/Information Provided
USPS-FY16-32	FY 2016 CRA "B" Workpapers (Public Version)
USPS-FY16-NP14	FY 2016 CRA "B" Workpapers, (Nonpublic Version)

USPS-FY16-41

This folder is entitled:

USPS-FY16-41   FY 2016 International Market Dominant Billing Determinants

USPS-FY16-41 presents the FY 2016 Market Dominant International Billing Determinants, showing the volume and calculated revenue for each rate cell within a mail product.

The most recent predecessor document was filed as USPS-FY15-41. The corresponding nonpublic document, showing competitive international billing determinants, is USPS-FY16-NP8.

The data is from the same sources used in the Fiscal Year 2016 International Cost and Revenue Analysis Report. Billing determinants are provided in the file labeled FY2016 International Market Dominant Billing Determinants using the following key:

Spreadsheet Tab:	Product Category:
Cover	Title
FCMI Revenue Adjustment Factors	Adjustment Factor Applied to Input Data to Align to RPW
FY 2016 FCMI Volume & Revenue	FY2016 First-Class Mail International Cards, Letters, and Flats
Q116 FCMI Volume & Revenue	Q1 FY2016 First-Class Mail International Cards, Letters, and Flats
Q216 FCMI Volume & Revenue	Q2 FY2016 First-Class Mail International Cards, Letters, and Flats
Q316 FCMI Volume & Revenue	Q3 FY2016 First-Class Mail International Cards, Letters, and Flats
Q416 FCMI Volume & Revenue	Q4 FY2016 First-Class Mail International Cards, Letters, and Flats
FY2016 Intl Fees & Services	FY2016 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q116 Intl Fees & Services	Q1 FY2016 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q216 Intl Fees & Services	Q2 FY2016 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q316 Intl Fees & Services	Q3 FY2016 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery
Q416 Intl Fees & Services	Q4 FY2016 International Certificate of Mailing, International Registered Mail, International Return Receipt, International Restricted Delivery

USPS-FY16-42

This folder is entitled:

USPS-FY16-42   FY 2016 Revenue, Pieces, and Weight Report

USPS-FY16-42 contains the U.S. Postal Service Revenue, Pieces, and Weight (RPW) Report for FY 2016.

Previously, for many years, the RPW materials have been provided to the Commission as part of periodic reporting. (Quarterly RPW reports will continue to be provided as part of periodic reporting.) The most recent quarterly RPW (for Quarter 4 of FY 2016) and the most recent annual RPW report (FY 2016) were filed on December 22, 2016. Revised Quarters 1, 2, and 3 (FY 2016) were also provided in the December 22, 2016 periodic filing. The public FY 2015 RPW was also filed as USPS-FY15-42.

In addition to this Preface, USPS-FY16-42 consists of five Excel files containing annual and quarterly FY 2016 RPW data. The following is a list of those files:

FY2016Q1_RPWSUMMARYREPORT_PUBLIC.XLS (revised)
FY2016Q2_RPWSUMMARYREPORT_PUBLIC.XLS (revised)
FY2016Q3_RPWSUMMARYREPORT_PUBLIC.XLS (revised)
FY2016Q4_RPWSUMMARYREPORT_PUBLIC.XLS
FY2016_RPWSUMMARYREPORT_PUBLIC.XLS

USPS-FY16-42 does not rely on input from any other set of material presented as part of the FY 2016 ACR. The revenue, pieces, and weight data by product provided in USPS-FY16-42, however, are used as inputs for many portions of the ACR, as well as several other Postal Service reports.

USPS-FY16-43

This folder is entitled:

USPS-FY16-43   FY 2016 Market Dominant Product Incremental Costs

USPS-FY16-43 serves as an initial step toward eventual compliance with Docket No. RM2016-13, Order No. 3641 (December 1, 2016). USPS-FY16-43 provides incremental costs for market dominant products for FY 2016, along with supporting documentation. The folder also contains the revenues associated with each row of incremental costs, and the resulting incremental cost coverages. Also displayed are group incremental costs for four of the six competitive product groups for which volume variable and product specific costs are shown in the Public CRA (USPS-FY16-1). These competitive product costs, however, are developed in USPS-FY16NP10, and merely reproduced here as results.

There is no direct predecessor for this folder. In prior ACR dockets, materials regarding incremental costs for competitive products appeared in folder NP10 (e.g., in Docket No. ACR2015, USPS-FY15-NP10). Prior materials on incremental costs have been filed in rate cases, most recently the testimony of witness Pifer (USPS-T-18) in Docket No. R2006-1.

The available incremental cost information regarding Market Dominant products is summarized in the Excel file **IC2016Public.ICSummaryRpt.xls**. The results start with a column showing the product-level and class-level incremental costs generated by the existing model. By necessity, however, this model uses as inputs volume-variable costs *before* any final adjustments. Therefore, additional columns are presented showing the final adjustments, and then adding those final adjustments to the model-based incremental costs. Finally, revenues are shown, and incremental cost coverages are calculated using incremental costs after the final adjustments added.

Folders in this Report Used as Input to USPS-FY16-43

Folder Number	Data/Information Used
USPS-FY16-31	• FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY16-NP13	• FY 2016 FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Non Public Version)
USPS-FY16-32	• FY 2016 CRA "B" Workpapers (Public Version)
USPS-FY16-NP14	• FY 2016 CRA "B" Workpapers (Non Public Version)
USPS-FY15-NP2	• FY 2015 International Cost and Revenue Analysis Report

USPS-FY16-44

This folder is entitled:

USPS-FY16-44   Update to Periodicals Pricing Report

USPS-FY16-44 provides an update to the Periodicals Pricing Report filed on July 26, 2016, as part of the 120-day response to the FY2015 ACD directive.

The predecessor document is the Periodicals Pricing Report filed on July 26, 2016, as part of the 120-day response to the FY2015 ACD directive.

Folders in this Report Used as Input to USPS-FY16-44

Folder Number		Data/Information Used
USPS-FY16-4	•	FY 2016 Market Dominant Billing Determinants
USPS-FY16-11	•	FY 2016 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY16-14	•	Mail Characteristics Study (Public Version)
USPS-FY16-19	•	FY 2016 Delivery Costs By Shape

In terms of outputs, these materials are provided in response to a directive in the FY2015 ACD, but are not otherwise used in the FY2016 ACR.

SECTION ONE: DESCRIPTION OF FOLDERS
Nonpublic Annex

USPS-FY16-NP1

This folder is entitled:

USPS-FY16-NP1 FY 2016 Domestic Competitive Product Billing Determinants

The purpose of this folder is to provide the U.S. Postal Service billing determinants for domestic competitive products for FY 2016. Billing determinants provide specific information regarding revenue and volume of postal products and services. It consists of a CD ROM containing the electronic version, and several printouts containing the hard copy version of the billing determinants.

This folder consists of several Excel workbooks containing FY 2016 billing determinants for domestic competitive products.

The predecessor document is FY 2015 Domestic Competitive Product Billing Determinants, filed with the Postal Regulatory Commission as USPS-FY15-NP1.

The following folders found in this report are used as input/output to USPS-FY16-NP1:

Folders in this Report Utilizing Output from USPS-FY16-NP1

Folder Number	Data/Information Provided
USPS-FY16-NP15	FY 2016 Parcel Select / PRS mail processing cost model
USPS-FY16-NP16	FY 2016 Parcel Select / PRS transportation cost model
USPS-FY16-NP27	FY 2016 Competitive NSA & Nonpostals Materials

USPS-FY16-NP2

This folder is entitled:

USPS-FY16-NP2   FY 2016 International Cost and Revenue Analysis (ICRA)
                            Report

USPS-FY16-NP2 contains the hardcopy ICRA report and the Excel model that produced the ICRA report.

The electronic contents of the CD are the following folders, each containing separate files:

Readme.doc is a narrative explaining how to install and run the model on a PC, and provides a more detailed explanation of the files contained in the directories.

ICM Costing:
IBRS
ICM File as Provided
ISAL IPA Cost Study
ISC Dropship Model
Parcel Zone Cost Model
PC Postage
ICM Costing (Unified).xlsx
NSA Summary (Unified).xls

ICRA Core Files:
CS16NP_FY16.xls
Domestic Tran Calcs.xls
EMS & GXG Calcs.xls
Inbound Calcs.xls
Inputs.xls
Outbound Calcs.xls
Reports (Unified).xls
Workbook Management Tools.xls

Supporting Files:
CRA Cost Segments
CS 16 Distribution Keys
FPS Inbound Data
GXG
IAB Data Files as Provided
Processed IAB Files
SIRVO Inputs

PDF Reports:
For Printing (if needed)
ICRA16 (Unified).pdf
NSA Summary (Unified).pdf

USPS-FY16-NP3

This folder is entitled:

USPS-FY16-NP3   FY 2016 International Cost Segments
and Components Report

USPS-FY16-NP3 contains the hardcopy International Cost Segments and Components Report and the electronic version contained in the Excel file, FY16ICRA.Crpt.xls.

This folder is the International Cost Segments and Components Report, or C Report, output of the Domestic Processing Model, USPS-FY16-NP4.

USPS-FY16-NP3 is an Output from Folder below in this Report

Folder Number	Data/Information Provided
USPS-FY16-NP4	FY 2016 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)

USPS-FY16-NP4

This folder is entitled:

USPS-FY16-NP4　　　　　　　FY 2016 ICRA Domestic Processing Model
　　　　　　　　　　　　　　　　(Cost matrices, Reports, Control File, & Changes)

USPS-FY16-NP4 contains the Excel ICRA model that produces the international category cost detail associated with the domestic processing, delivery and piggyback cost segments. This shows all international costs except domestic transportation, international transportation and settlement charges. The cost matrices, reports and control files to execute the model are contained here.

The electronic contents of the CD are as follows:

SettingupDPMReadme.txt is a narrative explaining how to install and run the model on a PC.

FY16 Folder:

FY16ICRA.ARPT.xls
FY16ICRA.BRPT.xls
FY16ICRA.CRPT.xls
FY16ICRA.FRPT.xls
FY16ICRA.IRPT.xls
FY16ICRA.Mod1.xls
FY16ICRA.A.xls
FY16ICRA.B.xls
FY16ICRA.Cntl.xls
FY16ICRA.F.xls
FY16ICRA.I.xls
FY16ICRA.KRPT.xls
FY16ICRA.OutputMatrix.xls

Inputs Folder:

FY16.B.xls
ICRA16PRC.xls (also appears in USPS-FY16-NP6)
FY16distkeys.xls
FY16.I.xls
ICRAEQUIP.FLATFY16.xls

Programs Folder:

CRA.DIM.FY16.xls
CRA.Model.FY16.xls

The following folders found in this report are used as input/output to USPS-FY16-NP4:

Folders in this Report Used as Input to USPS-FY16-NP4

Folder Number	Data/Information Used
USPS-FY16-NP6	FY 2016 International Cost Segment Spreadsheets
USPS-FY16-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY16-NP13	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY16-NP14	FY 2016 CRA "B" Workpapers

Folders in this Report Utilizing Output from USPS-FY16-NP4

Folder Number	Data/Information Provided
USPS-FY16-NP2	FY 2016 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)

USPS-FY16-NP5

This folder is entitled:

USPS-FY16-NP5   FY 2016 ICRA Overview/Technical Description

USPS-FY16-NP5 provides narrative descriptions and documentation of the ICRA production process in two parts. Part 1 is a summary and functional description of the six areas which constitute the development of the ICRA report: domestic processing, domestic transportation, international transportation, international transportation, settlement charges and foreign origin mail, with example pages of the FY 2016 ICRA Report. Part 2 contains technical descriptions and computational details of the same six development areas, technical descriptions of the SIRVO-IODIS and SIRVI data systems, and the final chapter is a user's guide to the Excel ICRA model.

This folder was filed as USPS-FY15-NP5 in Docket No. ACR2015. There is no corresponding public document.

The following is the table of contents for USPS-FY16-NP5:

Part 1. Overview and Summary Description

Part 2. Technical Description

USPS-FY16-NP6

This folder is entitled:

USPS-FY16-NP6   FY 2016 International Cost Segment Spreadsheets

USPS-FY16-NP6 contains the workpapers used as inputs to USPS-FY16-NP4 (FY 2016 ICRA Domestic Processing Model (Cost Matrices, Reports, Control Files, & Changes)). These spreadsheets are also contained in USPS-FY16-NP4 because these files need to be in that directory to execute the model.

This folder was filed as USPS-FY15-NP6 in Docket No. ACR2015. There is no corresponding public document. This folder contains three electronic files: ICRA16PRC.xls, FY16distkeys.xls and ICRAEQUIP.FLATFY16.

The following folders found in this report are used as input/output to USPS-FY16-NP6:

Folders in this Report Used as Input to USPS-FY16-NP6

Folder Number	Data/Information Used
USPS-FY16-NP14	FY 2016 CRA "B" Workpapers

USPS-FY16-NP7

This folder is entitled:

USPS-FY16-NP7   Cost Segment 3 International Subclass Costs by Cost Pools

USPS-FY16-NP7 provides volume-variable labor costs by cost pool and detailed International Mail product for Cost Segment 3 (clerk and mail handler labor) as inputs to the ICRA model.

The predecessor document is USPS-FY15-NP7. The same SAS programs as those described in USPS-FY16-NP18 are used for USPS-FY16-NP7, but costs in the International Mail product line in USPS-FY16-NP18 are reported by detailed International Mail product categories for the ICRA model. There is no public version of USPS-FY16-NP7.

The following folders found in this report are used as input/output to USPS-FY16-NP7:

Folder in this Report Used as Input to USPS-FY16-NP7

Folder Number	Data/Information Used
USPS-FY16-23	MODS Productivity Data
USPS-FY16-NP2	FY 2016 International Cost and Revenue Analysis (ICRA) report (Hard Copy & Excel)
USPS-FY16-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)

Folder in this Report Utilizing Output from USPS-FY16-NP7

Folder Number	Data/Information Provided
USPS-FY16-NP4	FY 2016 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)
USPS-FY16-NP9	FY 2016 Miscellaneous International Data

USPS-FY16-NP8

This folder is entitled:

USPS-FY16-NP8   FY 2016 Competitive International Billing Determinants

USPS-FY16-NP8 presents the FY 2016 Competitive International Billing Determinants, showing the volume and calculated revenue for each rate cell within a mail product.

The most recent predecessor document was filed as USPS-FY15-NP8. The corresponding public document, showing market dominant international billing determinants, is USPS-FY16-41.

Inputs come from sources such as GBS Dispatch, PostalOne!, International Accounting Branch (IAB) weight, SIRVO-IODIS, and ODIS-RPW. The data uses the same sources that underlie the Fiscal Year 2016 ICRA Report. Outputs are used throughout the ICRA process.

Billing determinants are provided in the ZIP file labeled FY2016 Competitive International Billing Determinants using the following key:

Spreadsheet Tab:	Product Category:
Cover Sheet	Title
GXG	Global Express Guaranteed
EMI	Express Mail International
PMI	Priority Mail International
International ICM – NSA	Negotiated Service Agreements
Intl Fees & Services	International Certificates of Mailing, International Registered, International Return Receipt, International Restricted Delivery, International Money Orders, International Insured Mail, Express Mail International Insurance

USPS-FY16-NP9

This folder is entitled:

USPS-FY16-NP9   FY 2016 Miscellaneous International Data

USPS-FY16-NP9 contains miscellaneous documents that are not used in the development of the ICRA, but generally contain material of the type previously filed in response to Commission Rule 103. The miscellaneous documents include data on international joint ventures and coefficients of variation for various functions.

This folder was filed as USPS-FY15-NP9 in Docket No. ACR2015. There is no corresponding public document. The electronic contents of the CD are as follows:

Word Documents:

Joint Venture Information
CVs for GFY 2016 ICRA Inbound

Excel Spreadsheets:

FY16 CVs by Product (CVs for outbound categories)
TRACS ICRA CVs and Data FY2016 (TRACs CVs)
ICRA PRC Results FY16 (for IOCS CVs)
ICRA16_ib_bycgrp_v_17DEC2016
FY16ICRANP.PB

The following folders found in this report are used as input/output to USPS-FY16-NP9:

Folders in this Report Used as Input to USPS-FY16-NP9

Folder Number	Data/Information Used
USPS-FY16-NP5	FY 2016 ICRA Overview/Technical Description
USPS-FY16-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)

USPS-FY16-NP10

This folder is entitled:

USPS-FY16-NP10   FY 2016 Competitive Products Incremental and Group
            Specific Costs (Nonpublic Version)

USPS-FY16-NP10 provides incremental costs for the group of competitive products for FY 2016. The FY2016 incremental costs (or as discussed below, its proxy – Hybrid Incremental Costs) is $12,791.4 million. In addition, this folder provides the incremental costs for individual competitive products for FY 2016, along with supporting documentation. Also provided, in this preface, are these incremental costs with final adjustments applied and the associated revenues and the resulting incremental cost coverages (final adjustments included). This is provided as an initial step toward eventual compliance with Docket No. RM2016-13, Order No. 3641 (December 1, 2016).

Docket No. ACR2015, USPS-FY15-NP10 is the most recent predecessor document. Prior materials on incremental costs have been filed in rate cases, most recently the testimony of witness Pifer (USPS-T-18) in Docket No. R2006-1.

USPS-FY16-43 is the corresponding public document to USPS-FY16-NP10.

The available incremental cost information regarding Market Dominant products is summarized in the Excel file **IC2016NP.ICSummaryRpt.xls**. The results start with a column showing the product-level and class-level incremental costs generated by the existing model. By necessity, however, this model uses as inputs volume-variable costs *before* any final adjustments. Therefore, additional columns are presented showing the final adjustments, and then adding those final adjustments to the model-based incremental costs. Finally, revenues are shown, and incremental cost coverages are calculated using incremental costs after the final adjustments added.

The following folders found in this report are used as input to USPS-FY16-NP10:

Folders in this Report Used as Input to USPS-FY16-NP10

Folder Number	Data/Information Used
USPS-FY16-2	FY 2016 Public Cost Segments and Components
USPS-FY16-24	FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-NP2	FY 2016 International Cost and Revenue Analysis (ICRA) report
USPS-FY16-NP11	FY 2016 Competitive Product Incremental and Group Specific Costs
USPS-FY16-NP12	FY 2016 Nonpublic Cost Segments and Components
USPS-FY16-NP13	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY16-NP14	FY 2016 CRA "B" Workpapers, (Nonpublic Version)
USPS-FY16-NP18	Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Version)
USPS-FY16-NP27	FY 2016 Domestic Competitive NSA & Nonpostal Materials

For Group Specific costs, see the Excel workbook Competitive Product Group Specific HQ Costs.xls, which shows the cost segment 18 costs for the 14 administrative units and programs that are Competitive Group Specific.

The Incremental Cost (IC) Model is filed as ICModel.zip. The zip file contains three folders with the files needed to use the IC Model:

- Documentation — Reference Files
- Programs — Program Files
- FY16CPOnly — Input and Output Files

The Documentation folder contains two files. The files in this folder and their functions are as follows:

- ICRunInstructions.doc – Instructional Document
- CostPoolsFY2016.xls – Input Cost Pool Data (added to FY2016.OutputMatrix.xls)

The Programs folder contains the two program files:

- IC.Model.xls — IC Model run module
- IC.DIM.xls — IC Model data input module

The FY16CPOnly folder contains three input files needed to replicate Domestic Competitive Incremental Cost:

- FY2016.OutputMatrix.xls   –   Fiscal Year 2016 output matrix
- IC2016.cntl.xls   –   Incremental Cost 2016 control tables
- IC2016.PS.xls   –   Incremental Cost 2016 product specific

The FY16CPOnly folder also contains five output files that are a result of the model's run:

- IC2016.CRpt.xls – IC C (Cost Segments and Components) Report
- IC2016.ICSummaryRpt.xls – IC Summary Report
- IC2016.PSRpt.xls – Group Product Specific Report
- IC2016.CP.xls – Cost Pool calculation workbook
- IC2016.IC.xls – IC calculation workbook

USPS-FY16-NP11

This folder is entitled:

USPS-FY16-NP11   FY 2016 Nonpublic Cost and Revenue Analysis (NPCRA)

USPS-FY16-NP11, FY 2016 Nonpublic Cost and Revenue Analysis (NPCRA) report displays revenues, volume variable costs, product specific costs, aggregate volume variable and product specific costs, unit contribution, cost coverages, volumes, and weights for each of the Postal Service's products.

Docket No: ACR-2015, USPS-FY15-NP11 is the predecessor document. USPS- FY16-1 is the corresponding public document.

The USPS-FY16-NP11, 2016 Nonpublic Cost and Revenue Analysis (NPCRA) is a nine page summary of domestic and international volume variable and product specific costs by product, differing from the public version (USPS-FY16-1) by presenting data for specific "Competitive" product lines. Among the primary outputs from the CRA report are the aggregate volume variable and product specific costs by product.

The following folders found in this report are used as input to USPS-FY16-NP11:

Folders in this Report Used as Input to USPS-FY16-NP11

Folder Number	Data/Information Used
USPS-FY16-NP2	FY 2016 International Cost and Revenue Analysis (ICRA) report
USPS-FY16-NP13	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports)

Folders in this Report Used as Outputs to USPS-FY16-NP11

Folder Number	Data/Information Used
USPS-FY16-39	FY 2016 Competitive Products Fund Reporting Materials
USPS-FY16-NP10	FY 2016 Competitive Product Incremental and Group Specific Costs

USPS-FY16-NP12

This folder is entitled:

USPS-FY16-NP12   FY 2016 Nonpublic Cost Segments and Components.

USPS-FY16-NP12 is an output ("C" report) of the FY 2016 Cost and Revenue Analysis (CRA) Model (USPS-FY16-NP13) that shows volume variable and product specific costs by product for 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier Street Activities, Rural Carriers, and Purchased Transportation.

In the Postal Service's FY 2015 Annual Compliance Report (ACR) filing (Docket No. ACR2015, December 29, 2015), this material was presented as USPS-FY15-NP12. A public version of this document is provided as USPS-FY16-2, FY 2016 Public Cost Segments and Components Report.

USPS-FY16-NP12 consists of an Excel workbook named FY16NonPublic Cost Segs and Comps. The workbook has tabs for each Cost Segment that shows volume variable and product specific costs by product by component. It also has a tab named CSSummary, which displays aggregate volume variable and product specific costs, by product by cost segment. Volume variable and product specific costs for several products are further modified by final adjustments performed in the model's "D" report which is contained in folder USPS-FY16-NP13.

The following folders found in this report are used as input/output to USPS-FY16-NP12:

Folders in this Report Used as Input to USPS-FY16-NP12

Data/Information Used
USPS-FY 2016-NP13 CRA Model

USPS-FY16-NP13

This folder is entitled:

USPS-FY16-NP13   FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Nonpublic Version)

USPS-FY16-NP13 contains the Fiscal Year 2016 Cost and Revenue Analysis (CRA) Model along with associated cost matrices and reports. Files are provided in Excel format.

The following folders found in this report are used as input/output to USPS-FY16-NP13:

Folders in this Report Used as Input to USPS-FY16-NP13

Folder Number	Data/Information Used
USPS-FY16-8	Equipment and Facility Related Costs
USPS-FY16-NP14	CRA "B" Workpapers
USPS-FY16-NP18	Cost Segment 3 Cost Pools and Other Related Information
USPS-FY16-NP21	In-Office Cost System (IOCS) Documentation
USPS-FY16-NP26	Special Cost Studies Workpapers – Special Services
USPS-FY16-NP27	Domestic Competitive NSA & Nonpostals Materials
USPS-FY16-NP28	Revenue, Pieces, and Weight Report
USPS-FY16-NP29	Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations

Folders in this Report Utilizing Output from USPS-FY16-NP13

Folder Number	Data/Information Provided
USPS-FY16-39	FY2016 Competitive Products Fund Reporting Materials
USPS-FY16-NP4	FY 2016 ICRA Domestic Processing Model (Cost Matrices, Reports, Control File, & Changes)
USPS-FY16-NP10	FY 2016 Competitive Product Incremental and Group Specific Costs
USPS-FY16-NP11	FY 2016 Nonpublic Cost and Revenue Analysis (NPCRA) Report
USPS-FY16-NP12	FY 2016 Nonpublic Cost Segments and Components Report
USPS-FY16-NP19	FY 2016 Non-Operation Specific Piggyback Factors (Nonpublic Version)

The contents of USPS-FY16-NP13 are organized in electronic folders as follows:

1. **CRA Model Files**

USPS-FY16-NP13\CRA Model Files\FY16.CRA.Model.xls   CRA run module
USPS-FY16-NP13\CRA Model Files\FY16.CRA.DIM.xls   CRA data input module
USPS-FY16-NP13\CRA Model Files\FY16.cntl.xls   CRA control tables/data source

2. **CRA Cost Files**

USPS-FY16-NP13\CRA Cost Files\FY16.I.xls   Input matrix
USPS-FY16-NP13\CRA Cost Files\FY16.Mod1.xls   GDEI calcs and output matrix
USPS-FY16-NP13\CRA Cost Files\FY16.A.xls   "A" calcs and output matrix
USPS-FY16-NP13\CRA Cost Files\FY16.F.xls   "F" calcs and output matrix
USPS-FY16-NP13\CRA Cost Files\FY16.B.xls   "B" calcs and output matrix

3. **CRA Report Files**

USPS-FY16-NP13\CRA Report Files\FY16.IRpt.xls   Input report
USPS-FY16-NP13\CRA Report Files\FY16.ARpt.xls   "A" report (w/out PESSA costs)
USPS-FY16-NP13\CRA Report Files\FY16.FRpt.xls   Factor report
USPS-FY16-NP13\CRA Report Files\FY16.BRpt.xls   "B" report (PESSA detail)
USPS-FY16-NP13\CRA Report Files\FY16.CRpt.xls   Cost Segs and Comp report
USPS-FY16-NP13\CRA Report Files\FY16.DRpt.xls   Final adjustments

USPS-FY16-NP14

This folder is entitled:

USPS-FY16-NP14   FY 2016 CRA "B" Workpapers, (Nonpublic Version)

USPS-FY16-NP14, FY 2016 CRA "B" Workpapers, inputs and calculates costs by cost segment, which are used by USPS-FY-16-NP13, CRA Model, to produce USPS-FY16-NP12, Cost Segments and Components Report. The workpapers calculate volume variable and product specific costs by product for 12 of the 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, In-Office City Carrier Activities, City Carrier Street Activities, Rural Carriers, Purchased Transportation, etc. USPS-FY16-NP14 contains electronic documentation of the spreadsheets and programs used to develop these costs.

This folder also contains for the first time, a report entitled Report on Estimation of Variabilities for Customer Care Centers. This report in pdf format displays and discusses the results of re-estimating the variability equations included in its Status Report from Docket No. RM2015-5, Proposal Twelve. The Commission directed the Postal Service to file an annual report that re-estimated the variability equations from its Status Report and to supply an explanation as to whether the data used to re-estimate the equations are sufficient to overturn Proposal Twelve's Variability Assumptions regarding the elasticity of costs of Customer Care Centers in CS3, Component 424.

Predecessor documents Docket No. ACR2015, PRC-ACR2015-NP-LR1 and USPS-FY15-NP14. USPS-FY16-32 is the corresponding public folder.

The USPS-FY16-NP14 "B" Workpapers consists of twelve Excel workbooks, eleven of which present cost data by separate cost segments with many worksheets in each, and the other of which, I-forms, exports data to those cost segment workbooks. Data sources are referenced in each spreadsheet. It also includes a pdf file entitled Report on Estimation of Variabilities for Customer Care Centers.

The following folders found in this report are used as input/output to USPS-FY16-NP14:

Folders in this Report Used as Input to USPS-FY16-NP14

Folder Number	Data/Information Used
USPS-FY 16-40	Rural Mail Count
USPS-FY16-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY16-NP18	Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Version)
USPS-FY16-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)
USPS-FY16-NP22	City Carrier Cost System (CCCS) Documentation (Nonpublic Version)
USPS-FY16-NP23	Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)
USPS-FY16-NP24	Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)
USPS-FY16-NP28	FY 2016 Revenue, Pieces, and Weight Report
USPS-FY16-NP29	Cost Segment and Components Reconciliation to Financial

Folders in this Report Utilizing Output from USPS-FY16-NP14

Folder Number	Data/Information Provided
USPS-FY16-19	FY 2016 Delivery Costs By Shape
USPS-FY16-NP4	FY 2016 ICRA Domestic Processing Model
USPS-FY16-NP6	FY 2016 International Cost Segments
USPS-FY16-NP10	FY 2016 Competitive Product Incremental and Group Specific Costs
USPS-FY16-NP13	CRA Model
USPS-FY16-NP27	Domestic Competitive NSA and Nonpostal Materials

USPS-FY16-NP15

This folder is entitled:

USPS-FY16-NP15   FY 2016 Special Cost Studies Workpapers – Parcel
Select/Parcel Return Service Mail Processing Cost Model

USPS-FY16-NP15 documents the mail processing cost estimates for the Parcel Select / Parcel Return Service (PRS) price categories.

Docket No. ACR2015, USPS-FY15-NP15 is the predecessor document. There is no corresponding public document to USPS-FY16-NP15.

The Parcel Select and Parcel Return Service mail processing unit cost estimates are presented in the Excel workbook 'USPS-FY16-NP15.xlsx' in the spreadsheet tab entitled 'Summary' (page 1). Data sources are referenced in each spreadsheet throughout the workbook.

The following folders found in this report are used as input/output to USPS-FY16-NP15:

Folders in this Report Used as Input to USPS-FY16-NP15

Folder Number	Data/Information Used
USPS-FY16-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-23	MODS Productivity Data
USPS-FY16-25	FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-NP18	Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Version)
USPS-FY16-NP20	FY2016 Mail Processing Costs by Shape (N
USPS-FY16-NP1	Competitive Billing Data

Folders in this Report Utilizing Output from USPS-FY16-NP15

Folder Number	Data/Information Provided
USPS-FY16-NP27	FY 2016 Domestic Competitive NSA & Nonpostal Materials

<u>USPS-FY16-NP16</u>

This folder is entitled:

USPS-FY16-NP16   FY 2016 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service Transportation Cost Model

USPS-FY16-NP16 documents the transportation cost estimates for the Parcel Select / Parcel Return Service (PRS) price categories.

The most recent predecessor document is Docket No. ACR2015, USPS-FY15-NP16. There is no public document that corresponds to USPS-FY16-NP16.

The Parcel Select / Parcel Return Service transportation cost estimate outputs are relied upon to support the negotiated service agreements (NSA) presentation in USPS-FY16-NP27. In addition, the Parcel Select transportation cost estimate outputs are relied upon to estimate stamped envelope costs in USPS-FY16-28.

The Parcel Select / Parcel Return Service transportation cost estimates are presented in the Excel workbook 'USPS-FY16-NP16.xls' in the spreadsheet 'Cost-Sum' (page 1). Data sources are referenced in each spreadsheet throughout the workbook.

The following folders found in this report are used as input/output to USPS-FY16-NP16:

Folders in this Report Used as Input to USPS-FY16-NP16

Folder Number	Data/Information Used
USPS-FY16-NP1	FY 2016 Competitive Product Billing Determinants
USPS-FY16-NP14	FY 2016 CRA "B" Workpapers, (Nonpublic Version)
USPS-FY16-NP17	FY 2016 Special Cost Studies Workpapers - Parcel Post Regression Analysis (Nonpublic Version)
USPS-FY16-NP19	FY 2016 Non-Operation Specific Piggyback Factors (Nonpublic Version)
USPS-FY16-NP27	FY 2016 Domestic Competitive NSA & Nonpostal Materials

Folders in this Report Utilizing Output from USPS-FY16-NP16

Folder Number	Data/Information Provided
USPS-FY16-28	FY 2016 Special Cost Studies Workpapers – Special Services (Pub Ver)
USPS-FY16-NP27	FY 2016 Domestic Competitive NSA & Nonpostal Materials

USPS-FY16-NP17

This folder is entitled:

USPS-FY16-NP17   FY 2016 Special Cost Studies Workpapers – Parcel
                         Select/Parcel Return Service Cube-Weight Estimation

USPS-FY16-NP17 documents the econometric analysis used to estimate the cubic feet
per piece for Parcel Select / Parcel Return Service (PRS) mail pieces.
Docket No. ACR2015, USPS-FY15-NP17 is the most recent predecessor document.
There is no public document that corresponds to USPS-FY16-NP17.

The FY 2016 dataset used in this analysis is contained in the Excel workbook
'PP16DATAPSPRS.xls.' The program used to estimate the econometric equations is
contained in the SAS software file 'PP16DATAPSPRS.SAS.' This analysis was
performed on a personal computer using version 9.2 of the SAS software. The SAS log
file results are shown starting on page 2. The SAS output file is shown starting on page
4. The output file includes a listing of the working dataset, the econometric result, the
Breusch-Pagan heteroskedasticity test result, and the econometric residuals.

The inputs to this analysis are the FY 2016 Parcel Select volume, cubic feet, and weight
data. The output from this analysis is the econometric equation for Parcel Select. This
equation is used to distribute the Parcel Select and Parcel Return Service transportation
costs in USPS-FY16-NP16.

The following folders found in this report are used as input/output to USPS-FY16-NP17:

Folders in this Report Utilizing Output from USPS-FY16-NP17

Folder Number	Data/Information Provided
USPS-FY16-NP16	FY 2016 Special Cost Studies Workpapers – Parcel Select / Parcel Return Service Transportation Cost Model (Nonpublic Version)

USPS-FY16-NP18

This folder is entitled:

USPS-FY16-NP18   Cost Segment 3 Cost Pools & Other Related Information
(Nonpublic Version)

USPS-FY16-NP18 documents the formation of C/S 3 cost pools, the development of mail processing accrued costs and volume-variable subclass costs by cost pool, and other related calculations that are inputs to the B Workpapers, the CRA model, the Special Cost Studies and the NSAs.

USPS-FY16-NP18 Excel Workbook consists of 8 parts. Parts I through VIII correspond to parts I through VIII of USPS-FY15-NP18 in Docket No. ACR2015. USPS-FY16-NP18 SAS program codes, SAS logs and SAS output tables generated by the SAS programs correspond to those submitted for USPS-FY15-NP18.

USPS-FY16-NP18 is the nonpublic version of USPS-FY16-7. The competitive domestic mail and services which are aggregated in USPS-FY16-7 (public version) are reported as separate products in USPS-FY16-NP18.

USPS-FY16-NP18 consists of:
- an Excel workbook section with eight Excel files, and
- SAS Program documentation with text files providing SAS program code, SAS logs, and SAS output tables.

The following folders found in this report are used as input/output to USPS-FY16-NP18:

Folders in this Report Used as Input to USPS-FY16-NP18

Folder Number	Data/Information Used
USPS-FY16-23	MODS Productivity Data
USPS-FY16-NP2	FY 2016 International Cost and Revenue Analysis (ICRA) report
USPS-FY16-NP21	In-Office Cost System (IOCS) Documentation (Nonpublic Version)

Folders in this Report Utilizing Output from USPS-FY16-NP18

Folder Number	Data/Information Provided
USPS-FY16-2	FY 2016 Public Cost Segments and Components Report
USPS-FY16-8	Equipment and Facility Related Costs
USPS-FY16-10	FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)
USPS-FY16-11	FY 2016 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model
USPS-FY16-12	Standard Mail Hybrid/Parcel Cost Study
USPS-FY16-14	FY 2016 Special Cost Studies Workpapers - Drop Ship Cost Avoidances for Periodicals and Standard Mail
USPS-FY16-15	FY 2016 Special Cost Studies Workpapers - Parcels Cost Models (Public Version)
USPS-FY16-21	FY 2016 QBRM and BRM Costs
USPS-FY16-25	FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-26	FY 2016 Mail Processing Costs by Shape (Public Version)
USPS-FY16-28	FY 2016 Special Cost Studies Workpapers – Special Services
USPS-FY16-31	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY16-32	FY 2016 CRA "B" Workpapers (Public Version)
USPS-FY16-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY16-NP10	FY 2016 ICM Data
USPS-FY16-NP13	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY16-NP14	FY 2016 CRA "B" Workpapers
USPS-FY16-NP15	FY 2016 Special Cost Studies Workpapers – Parcels Cost Model (Nonpublic Version)
USPS-FY16-NP20	FY 2016 Mail Processing Costs by Shape (Nonpublic Version)
USPS-FY16-NP26	FY 2016 Special Cost Studies Workpapers – Special Services (Nonpublic Version)
USPS-FY16-NP27	FY 2016 Domestic Competitive NSA & Nonpostal Materials

USPS-FY16-NP19

This folder is entitled:

USPS-FY16-NP19   FY 2016 Non-Operation Specific Piggyback Factors
                        (Nonpublic Version)

USPS-FY16-NP19 documents development of the piggyback factors for major functions (e.g., mail processing, window service, city delivery, rural delivery, vehicle service drivers, and postmasters) for each product. Piggyback factors are employed in cost studies to augment labor cost estimates for the major functions by adding the costs associated with supervisors and administration, service-wide benefits, along with facility-related and equipment-related costs.

Predecessor documents Include Docket No. R2006-1, USPS-LR-L-98, parts I and II; and Docket No. ACR2015, USPS-FY15-NP19. USPS-FY16-24 is the corresponding public document.

Results can be seen in the Excel workbook FY16NP.PB.xls.

The following folders found in this report are used as input/output to USPS-FY16-NP19:

Folders in this Report Used as Input to USPS-FY16-NP19

Folder Number	Data/Information Used
USPS-FY16-NP13	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports)

Folders in this Report Utilizing Output from USPS-FY16-NP19

Folder Number	Data/Information Provided
USPS-FY16-24	FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-NP20	FY 2016 Mail Processing Costs by Shape (Nonpublic Version)
USPS-FY16-NP27	FY 2016 Domestic Competitive NSA & Nonpostal Materials

USPS-FY16-NP20

This folder is entitled:

USPS-FY16-NP20   Mail Processing Costs by Shape (Nonpublic Version)

USPS-FY16-NP20 provides Mail Processing Unit Costs by Shape for First-Class Package Service, Parcel Select and Parcel Return Services. These costs are provided by cost pool, and include piggyback or indirect costs.

Docket No. R2006-1, USPS-LR-L-99 and PRC-LR-9; and Docket No. ACR2015, USPS-FY15-NP20 are predecessors as far as methodology. USPS-FY16-26 is the corresponding public document, containing costs for First-Class Mail, Periodicals, Standard Mail and Package Services.

Results can be seen in the Excel workbook shp14.prc.parcel select prs.xls.

The following folders found in this report are used as input/output to USPS-FY16-NP20:

Folders in this Report Used as Input to USPS-FY16-NP20

Folder Number	Data/Information Used
USPS-FY16-25	FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-NP18	Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Version)
USPS-FY16-NP19	FY 2016 Non-Operation Specific Piggyback Factors (Nonpublic Version)
USPS-FY16-NP25	Mail Characteristics Study (Nonpublic Version)

Folders in this Report Utilizing Output from USPS-FY16-NP20

Folder Number	Data/Information Provided
USPS-FY16-27	FY 2016 Nonprofit Mail Cost Approximations
USPS-FY16-NP15	FY 2016 Special Cost Studies Workpapers – Parcels Cost Model (Nonpublic Version)

USPS-FY16-NP21

This folder is entitled:

USPS-FY16-NP21   In-Office Cost System (IOCS) Documentation (Nonpublic
                        Version)

USPS-FY16-NP21 documents the In-Office Cost System, including statistical design for
and estimation of in-office labor costs. It also presents FY16 CVs and confidence
intervals for the estimates.

Documentation of statistical design and estimation were provided previously in Docket
No. R2006-1, USPS-LR-L-9 and ACR2015, USPS-FY15-NP21. USPS-FY16-37, In-
Office Cost System (IOCS) Documentation is the corresponding public document
This document describes the statistical design of IOCS, and provides information on the
system's programs. Appendix A lists changes in data codes since FY15. Electronic data
files, programs, data dictionary, flowchart and CVs are provided in the accompanying
CD, described in Appendix B.

Cost estimates from the In-Office Cost System rely on no input data found in this report.
The following folders found in this report use the output from
USPS-FY16–NP21:

Folders in this Report Utilizing Output from USPS-FY16-NP21

Folder Number	Data/Information Provided
USPS-FY16-1	FY 2016 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY16-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-18	FY 2016 ECR Mail Processing Unit Costs
USPS-FY16-20	FY 2016 Window Service Cost by Shape
USPS-FY16-22	FY 2016 Bound Printed Matter Mail Processing Costs
USPS-FY16-19	FY 2016 Delivery Costs By Shape
USPS-FY16-NP2	FY 2016 International Cost and Revenue Analysis (ICRA) report
USPS-FY16-NP7	Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)
USPS-FY16-NP9	FY 2016 Miscellaneous International Data
USPS-FY16-NP11	FY 2016 Nonpublic Cost and Revenue Analysis (NPCRA) Report
USPS-FY16-NP12	FY 2016 Nonpublic Cost Segments and Components Report
USPS-FY16-NP13	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY16-NP14	FY 2016 CRA "B" Workpapers, (Nonpublic Version)
USPS-FY16-NP18	Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Version)

USPS-FY16-NP22

This folder is entitled:

USPS-FY16-NP22   City Carrier Cost System (CCCS) Documentation (Nonpublic Version)

USPS-FY16-NP22 documents the statistical design of the City Carrier Cost System (CCCS) and City Carrier Cost System – Special Purpose Route (CCCS-SPR). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on city letter routes and city special purpose routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

Predecessor documents include USPS-FY15-NP22, USPS-FY15-34, and Docket No. R2006-1, USPS-LR-L-11. A public version of this document is provided as USPS-FY16-34.

Volume estimates from the CCCS and CCCS-SPR rely on no input data. Outputs from the CCCS and CCCS-SPR are used as inputs to the following folders found in this report:

Folders in this Report Utilizing Output from USPS-FY16-NP22

Folder Number	Data/Information Provided
USPS-FY16-19	FY 2016 Delivery Costs By Shape
USPS-FY16-32	FY 2016 CRA "B" Workpapers (Public Version)
USPS-FY16-NP3	FY 2016 International Cost Segments and Components Report
USPS-FY16-NP14	FY 2016 CRA "B" Workpapers, (Nonpublic Version)

USPS-FY16-NP23

This folder is entitled:

USPS-FY16-NP23   Rural Carrier Cost System (RCCS) Documentation
                        (Nonpublic Version)

USPS-FY16-NP23 documents the statistical design of the Rural Carrier Cost System (RCCS). It contains documentation of the statistical design and the programs used to develop volume estimates for classes, products, and price categories of mail collected and delivered on rural routes. Also included are proportions, coefficients of variation (CVs), and confidence intervals for the estimates.

Predecessor documents include USPS-FY15-NP23, USPS-FY15-35, and Docket No. R2006-1, USPS-LR-L-13. A public version of this document is provided as USPS-FY16-35.

Volume estimates from the RCCS rely on no input data. Outputs from the RCCS are used as inputs to the following folders found in this report:

Folders in this Report Utilizing Output from USPS-FY16-NP23

Folder Number	Data/Information Provided
USPS-FY16-19	FY 2016 Delivery Costs By Shape
USPS-FY16-32	FY 2016 CRA "B" Workpapers (Public Version)
USPS-FY16-NP3	FY 2016 International Cost Segments and Components Report
USPS-FY16-NP14	FY 2016 CRA "B" Workpapers, (Nonpublic Version)

USPS-FY16-NP24

This folder is entitled:

USPS-FY16-NP24   Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)

USPS-FY16-NP24 documents the development of the estimated distribution keys for purchased transportation costs. It contains documentation for the two Transportation Cost System (TRACS) subsystems, TRACS Air and TRACS Surface (Highway), used to develop these costs. It also presents FY16 CVs (coefficients of variation) and confidence intervals for TRACS estimates.

The development of the TRACS estimated distribution keys and CVs material was presented in Docket No. ACR2015 USPS-FY15-NP24.   A public version of this document is provided in USPS-FY16-36 Transportation Cost System (TRACS).

The relevant source code and outputs from TRACS are provided on the accompanying CD-ROM. The 'README_TRACS' file describes the contents of the CD-ROM, which includes an Excel file containing the CV'.s for TRACS. Since the TRACS Surface and Air subsystems are dissimilar, each subsystem is addressed separately in its own appendix.

The programs and systems used to develop the TRACS estimated distribution keys are described in three appendices:

- Appendix A : Surface Subsystem
- Appendix B : Air Subsystem
- Appendix C : Tables

The following folders found in this report are used as input/output to USPS-FY16-NP24:

Folders in this Report Utilizing Output from USPS-FY16-NP24

Folder Number	Data/Information Provided
USPS-FY16-NP2	FY 2016 International Cost and Revenue Analysis (ICRA) report
USPS-FY16-32	FY 2016 CRA "B" Workpapers (Public Version)
USPS-FY16-NP14	FY 2016 CRA "B" Workpapers

USPS-FY16-NP25

This folder is entitled:

USPS-FY16-NP25   Mail Characteristics Study (Nonpublic Version)

USPS-FY16-NP25 is the nonpublic portion of USPS-FY16-14. This version includes the detailed distribution by shape and indicia by product category for Priority Mail and Parcel Select, which are not included in the public version (USPS-FY16-14).

Predecessor documents include Docket No. ACR2015 USPS-FY15-NP25; Docket No. ACR2011 USPS-FY11-NP25; Docket No. ACR2010 USPS-FY10-NP25; Docket No. ACR2009 USPS-FY09-NP25; Docket No. ACR2008 USPS-FY08-NP25; Docket No ACR2007, USPS-FY07-14; and Docket No. R2006-1 USPS-LR-L-87.

This folder relies upon the FY 2016 PostalOne! mailing statement database.

The mail results of the RPW by shape and indicia are presented in the Excel workbook "Shape Indicia FY 2016V.xls". The programs used to aggregate the PostalOne! data for Priority Mail and Package Services are described in the Program Documentation. Program documentation for other classes is contained in USPS-FY16-14.

USPS-FY16-NP26

This folder is entitled:

USPS-FY16-NP26   FY 2016 Special Cost Studies Workpapers – Special
                       Services (Nonpublic Version)

USPS-FY16-NP26 documents the unit cost estimates for Address Enhancement Services, Adult Signature Required, Competitive Post Office Box Service, Credit Card Authentication, Greeting Cards, Package Intercept, Signature Confirmation, Shipping and Mailing Supplies, USPS Tracking (Formerly Delivery Confirmation).

The predecessor document is ACR2015 USPS-FY15-NP26.   The public version of this folder for special services is USPS-FY16-28.

The following folders found in this report are used as input/output to USPS-FY16-NP26:

Folders in this Report Used as Input to USPS-FY16-NP26

Folder Number	Data/Information Used
USPS-FY16-1	FY 2016 Public Cost and Revenue Analysis (PCRA) Report
USPS-FY16-2	FY 2016 Public Cost Segments and Components Report
USPS-FY16-7	Cost Segment 3 Cost Pools & Other Related Information (Public Version)
USPS-FY16-8	Equipment and Facility Related Costs
USPS-FY16-24	FY 2016 Non-Operation Specific Piggyback Factors (Public Version)
USPS-FY16-25	FY 2016 Mail Processing Piggyback Factors (Operation Specific)
USPS-FY16-26	FY 2016 Mail Processing Costs by Shape (Public Version)
USPS-FY16-NP1	FY 2016 Competitive Product Billing Determinants

Folders in this Report Utilizing Output from USPS-FY16-NP26

Folder Number	Data/Information Provided
USPS-FY16-31	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY16-NP13	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Nonpublic Version)

Cost study files include:

1.   Address Enhancement Services

The workbook "AES2016.xlsx" contains the cost sheets that are used to develop Address Enhancement Services (AES) cost estimates. The costs of AES are reported in the D Report (USPS-FY16-NP13).

2.   Adult Signature Required

The workbook "AdultSigConFY2016.xls" contains the cost sheets that are used to develop Adult Signature unit cost estimates. The cost study that was filed in Docket No. ACR2015 contained redundant worksheets and information not required to develop the cost estimates. In addition, some cost inputs were hardcoded into many cells in nearly every worksheet. Some of the citations in these worksheets were not detailed or accurate. The FY 2016 version of the cost study has been reorganized so that all of the cost inputs and citations are located on the 'Inputs' worksheet (page 1). All redundant worksheets and extraneous data have been removed from the cost study. These modifications are purely cosmetic; the methodology used to develop the cost estimates has not changed. The cost of Adult Signature Required is reported in the D report (USPS-FY16-NP13).

3.   Competitive Post Office Box Service

The workbook "Competitive and Market Dominant P.O. Box Costs 2016.xls" contains the cost estimates for Competitive and Market Dominant Post Office Box service. The Post Office Box service costs are reported in the D Report (USPS-FY16-NP13).

4.   Credit Card Authentication

The workbook "CreditCard2016 Non-Public.xlsx" contains the cost sheets that are used to develop Credit Card Authentication costs. The cost of Credit Card Authentication is reported in the D report (USPS-FY16-NP13).

5.   Greeting Cards

The workbook "GreetingCards2016.xlsx" contains the costs for Greeting Cards, Gift Cards, and Stationery. These costs are reported in the D Report (USPS-FY16-NP13).

6.   Package Intercept

The workbook "PackageIntercept2016.xls" contains the cost sheet that is used to develop a Package Intercept unit cost estimate. These costs are reported in the D Report (USPS-FY16-NP13).

7. **Signature Confirmation**

The workbook "SigCon2016 Non-Public.xlsx" contains the cost sheets that are used to develop Signature Confirmation unit cost estimates. The cost study that was filed in Docket No. ACR 2015 contained redundant worksheets and information not required to develop the cost estimates. In addition, some cost inputs were hardcoded into many cells in nearly every worksheet. Some of the citations in these worksheets were not detailed or accurate. The FY 2016 version of the cost model has been reorganized so that all the cost inputs and citations are located on the 'Inputs' worksheet (page 1). All redundant worksheets and extraneous data have been removed from the cost study. These modifications are purely cosmetic; the methodology used to develop the cost estimates has not changed.

8. **Shipping and Mailing Supplies**

The workbook "Shipping and Mailing Supplies 2016.xlsx" contains the costs for Shipping and Mailing Supplies. These costs are reported in the D Report (USPS-FY16-NP13).

9. **Reserved**

In Docket No. RM2014-6, Proposal Eight, the Postal Service presented a new methodology for estimating USPS Tracking costs. In Order No. 2180, the Postal Regulatory Commission approved Proposal Eight and stated that "the USPS Tracking cost model (USPS-FY13-NP26) used to calculate the distribution of USPS Tracking costs to the host product is no longer necessary." There are two products, however, for which USPS Tracking cost estimates are still necessary. The first product is Standard Mail parcels. Standard Mail parcels are currently assessed a USPS Tracking fee for the electronic service. The second product is First-Class Mail parcels. The First-Class Mail parcels electronic cost estimate is used to support International negotiated service agreements (NSA). The cost estimates for all other products have been removed from the cost study. Given that neither of these products are Competitive products, there is no longer a need to file a non-public version of the USPS Tracking cost study. A public version of the USPS Tracking cost study can be found in USPS-FY16-28. Attachment 9 will be reserved as a filing location for future cost studies.

USPS-FY16-NP27

This folder is entitled:

USPS-FY16-NP27   FY 2016 Domestic Competitive NSA and Nonpostal
                        Materials

USPS-FY16-NP27 develops FY 2016 costs for competitive Negotiated Service Agreements (NSAs), market tests, and nonpostal services. These materials were provided previously in ACR2015, USPS-FY15-NP27. There is no corresponding public document. In addition to the preface, USPS-FY16-NP27 includes following NSA workbooks:

Overall summary of NSAs:
NSACostRevenueSummaryFY16.xls:
Partner cost analysis templates, with the naming convention:
[PartnerName]_[Product]_Analysis_FY16.xls
And if applicable,
[PartnerName]_[Product]_Summary_Analysis_FY16.xls

Support workbooks that summarize costs for each competitive product category:
SupportPriority_FY16.xls
SupportExpress_FY16.xls
SupportGround_FY16.xls

Subfolders for each product category with detailed cost models:
Priority
Express
Ground (includes Parcel Select and Parcel Return Service)
First-Class Package Service

The following folders found in this report are used as input/output to USPS-FY16-NP27:

Folders in this Report Used as Input to USPS-FY16-NP27

Folder Number	Data/Information Used
USPS-FY16-5	Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)
USPS-FY16-NP1	FY 2016 Competitive Product Billing Determinants
USPS-FY16-NP12	FY 2016 Nonpublic Cost Segments and Components Report
USPS-FY16-NP13	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports)
USPS-FY16-NP14	FY 2016 CRA "B" Workpapers, (Nonpublic Version)
USPS-FY16-NP15	FY 2016 Special Cost Studies Workpapers – Parcels Cost Model (Nonpublic Version)
USPS-FY16-NP16	FY 2016 Special Cost Studies Workpapers – Bound Printed Matter and Parcel Post Transportation Costs / Bulk Parcel Return Service Cost Study (Nonpublic Version)
USPS-FY16-NP18	Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Version)
USPS-FY16-NP19	FY 2016 Non-Operation Specific Piggyback Factors (Nonpublic Version)
USPS-FY16-NP26	FY 2016 Special Cost Studies Workpapers – Special Services (Nonpublic Version)

Folders in this Report Utilizing Output from USPS-FY16-NP27

Folder Number	Data/Information Provided
USPS-FY16-NP13	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports)

USPS-FY16-NP28

This folder is entitled:

USPS-FY16-NP28   FY 2016 Revenue, Pieces, and Weight Report
                                     (Nonpublic Version)

USPS-FY16-NP28 contains the U.S. Postal Service Revenue, Pieces, and Weight (RPW) Report for FY 2016.

Previously, for many years, the RPW materials have been provided to the Commission as part of periodic reporting. (Quarterly RPW reports will continue to be provided as part of periodic reporting.) The most recent quarterly RPW (for Quarter 4 of FY 2016) and the most recent annual RPW report (FY 2016) were filed on December 22, 2016. Revised Quarters 1, 2, and 3 (FY 2016) were also provided in the December 22, 2016 periodic filing. Last year, the nonpublic FY 2015 RPW was also filed as USPS-FY15-NP28.

In addition, last year the FY2015 RPW Extract File was also submitted with the initial filing of the ACR, as part of USPS-FY15-NP28. In years before that, the RPW Extract File was provided in response to Information Requests, most recently as USPS-FY13-NP31, submitted in response to Question 11 of ChIR No. 1 on January 21, 2014, in Docket ACR2013.

USPS-FY16-NP28 consists of a zip file containing six Excel files. Five Excel files contain annual and quarterly FY 2016 RPW data. The following is a list of those files:

FY2016Q1_RPWSUMMARYREPORT_RESTRICTED.XLS (revised)
FY2016Q2_RPWSUMMARYREPORT_RESTRICTED.XLS (revised)
FY2016Q3_RPWSUMMARYREPORT_RESTRICTED.XLS (revised)
FY2016Q4_RPWSUMMARYREPORT_RESTRICTED.XLS
FY2016_RPWSUMMARYREPORT_RESTRICTED.XLS

In addition, the FY2016 RPW Extract File is provided and is entitled:

FY2016_RPW.ExtractFile.NonPublic.XLS.

The following folders found in this report are used as input/output to USPS-FY16-NP28:

USPS-FY16-NP28 does not rely on input from any other set of material presented as part of the FY 2016 ACR. The revenue, pieces, and weight data by product provided in USPS-FY16-NP28, however, are used as inputs for many portions of the ACR, as well as several other Postal Service reports.

USPS-FY16-NP29

This folder is entitled:

USPS-FY16-NP29   Fiscal Year 2016 Cost Segments and Components
                        Reconciliation to Financial Statements and Account
                        Reallocations (Nonpublic Version)

The Fiscal Year 2016 Cost Segments and Components Reconciliation to Financial
Statements and Account Reallocations (Nonpublic Version) is an Excel workbook that
adjusts amounts reflected in the September 2016 general ledger for year-end audit
adjustments. This results in amounts that underlie the September 30 year-end financial
statements. This workbook also reallocates year-end labor contract and performance
award accruals back to the appropriate labor sub-account and breaks out cost
component expenses not available directly from a general ledger account but obtained
from another source such as a unique finance number or a subsidiary reporting system.

This material was provided as USPS-FY15-NP29 for the FY 2015 Annual Compliance
Report filing (Docket No. ACR2015, December 29, 2015). A public version of this
document is provided as USPS-FY16-5, Fiscal Year 2016 Cost Segments and
Components Reconciliation to Financial Statements and Account Reallocations (Public
Version).

The Cost Segments and Components Reconciliation to Financial Statements and
Account Reallocations (Nonpublic Version) are generated from general ledger data that
are downloaded from the Postal Service's mainframe Accounting systems. General
ledger accounts are sorted and grouped so that they correspond to the Cost and
Revenue Analysis (CRA) Model's cost segments and components.

The following folders found in this report are used as input/output to USPS-FY16-NP29:

Folders in this Report Used as Input to USPS-FY16-NP29

Folder Number	Data/Information Used
USPS-FY16-31	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)
USPS-FY16-NP13	FY 2016 CRA Model (Model Files, Cost Matrices, and Reports)

USPS-FY16-NP29, the Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Nonpublic Version), is provided as an Excel workbook on CD-ROM. Within the workbook are the following worksheets:

1. Title – Title page
2. Rev – Revenue general ledger accounts
3. Seg 1 – Cost Segment 1 (Postmasters)
4. Seg 2 – Cost Segment 2 (Supervisors & Technical Personnel)
5. Seg 3 – Cost Segment 3 (Clerks & Mailhandlers – CAG A-J Offices)
6. Seg 4 – Cost Segment 4 (Clerks – CAG K Offices)
7. Seg 6&7 – Cost Segments 6 & 7 (City Delivery Carriers)
8. Seg 8 – Cost Segment 8 (Vehicle Service Drivers)
9. Seg 10 – Cost Segment 10 (Rural Carriers)
10. Seg 11 – Cost Segment 11 (Custodial & Maintenance Services)
11. Seg 12 – Cost Segment 12 (Motor Vehicle Service)
12. Seg 13 – Cost Segment 13 (Miscellaneous Local Operations)
13. Seg 14 – Cost Segment 14 (Purchased Transportation of Mail)
14. Seg 15 – Cost Segment 15 (Building Occupancy)
15. Seg 16 – Cost Segment 16 (Supplies and Services)
16. Seg 17 – Cost Segment 17 (Research & Development)
17. Seg 18 – Cost Segment 18 (HQ & Area Administration & Corporate-wide Personnel Costs
18. Seg 19 – Cost Segment 19 (Equipment Maintenance & Management Training Support)
19. Seg 20 – Cost Segment 20 (Depreciation, Write-offs, Losses, and Interest)
20. Summary – Cost segment totals and net income calculations
21. Personnel Costs – Summary of personnel costs by cost segment
22. International – Development of International product-specific costs
23. Address Management – Development of Address Management product-specific costs
24. CS 11 Realloc – Reallocation of maintenance personnel expenses
25. MOB Realloc – Reallocation of money order personnel expenses
26. 51111 Realloc – PCES performance award reallocations to subaccount
27. 51112 Realloc – EAS performance awards reallocations to subaccount
28. Reallocation Summary – Summary of reallocations
29. Outputs to CRA – Worksheet used to organize selected outputs to CRA
30. Product Specific – Worksheet used to organize Product Specific Costs

SECTION TWO: METHODOLODGY CHANGES
Public Information

This section identifies the material changes in methodology reflected in the associated materials. Unless otherwise noted, the methods used in each folder follow the Commission methodology from the most recent Annual Compliance Determination report. In most instances, a more detailed discussion can be found in the respective folder's preface.

USPS-FY16-1 FY 2016 Public Cost and Revenue Analysis (PCRA) Report

Please see Preface for additional information.

USPS-FY16-2   FY 2016 Public Cost Segments and Components Report

Please see Preface for additional information.

USPS-FY16-3 FY 2016 Discounts and Passthroughs of Workshare Items

No method changes in FY 2016. Please see Preface for additional information.

USPS-FY16-4 FY 2016 Market Dominant Billing Determinants

No method changes in FY 2016.

USPS-FY16-5 Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations (Reallocated Trial Balances)

No method changes in FY 2016.

USPS-FY16-6   General Classification of Accounts

No method changes in FY 2016.

USPS-FY16-7 Cost Segment 3 Cost Pools and Other Related Information

USPS-FY16-7 uses the same methodology as described in USPS-FY15-7, with no significant changes to the MODS- and IOCS-based cost pools or cost distribution methods for FY2016. The Productive Hourly Rates material employs the same methodology as Docket No. ACR2015, USPS-FY15-43. In FY 2016, there has been an addition to this folder to provide the supporting calculations for the Productive Hourly Rates.

USPS-FY16-8 Equipment and Facility Related Costs

No method changes in FY 2016. Please see Preface for additional information.

USPS-FY16-9 ACR Roadmap Document

No method changes in FY 2016.

USPS-FY16-10 FY 2016 Special Cost Studies Workpapers - Letter Cost Models (First and Standard)

The First-Class Mail presort letters and cards and Standard Mail presort letters cost models rely on the Docket No. R2006-1 Postal Regulatory Commission (PRC) methodology and also incorporate the modifications described in Docket No. RM2011-5, Proposal Nine. The Proposal Nine modifications included updates to several cost model inputs, and a revised bundle sorting cost methodology that was approved by the Commission in Order No. 741.

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission subsequently approved those proposals in Order No. 920. The USPS-FY11-26 cost by shape estimates therefore contained seven additional cost pools that needed to be distributed using the Commission's cost pool classification methodology.

Docket No. RM2012-1; Proposal Twelve, Order No. 1153 modified the mail processing cost model applicable to the Standard mail presort letters to disaggregate the mail processing costs of Standard non-automation machinable MAADC and AADC presort letters.

Docket No. RM2012-2, Proposal Seventeen, Order No. 1383 consolidated MODS operation groups associated with the productivity calculations for the DBCS/DIOSS automated letter image reading and sorting operations. This change responded to changes in the definition of certain MODS operations.

Docket No. RM2012-2, Proposal Nineteen, Order No. 1383 modified the mail processing cost model applicable to the First-Class mail presort letters to develop separate cost estimates for the nonautomation machinable MAADC and the AADC categories.

Docket No. RM2015-1, Proposal Eight proposed to consolidate MODS operation groups associated with productivity calculations into Manual Incoming and Outgoing groups. The Commission issued Order No. 2076 (May 8, 2014), ruling on each modification. The Order No. 2076 ruling has been incorporated into the models filed in this ACR.

Methodological Changes: Prior year's manual letter productivities (USPS-FY15-23,

Docket No. ACR2015) had to be used for USPS-FY16-10 models. See preface to USPS-FY16-23 for details.
USPS-FY16-10 models use the same methodology as the Commission's workpapers in Docket No. ACR2015 (March 28, 2016).

USPS-FY16-11 FY 2016 Special Cost Studies Workpapers - Flat Cost Models (First and Standard) & Periodicals Cost Model

Prior year's manual flat productivities (USPS-FY15-23, Docket No. ACR2015) had to be used for preparation of USPS-FY16-11 models. See preface to USPS-FY16-23 for details.

USPS-FY16-11 uses the same methodology as the Commission's workpapers in Docket No. ACR2015 (March 28, 2016).

USPS-FY16-12 Standard Mail Parcel/ Not Flat Machinable Cost Study

No method changes in FY 2016.

USPS-FY16-13 FY 2016 Special Cost Studies Workpapers – Drop Ship Cost Avoidances for Periodicals and Standard Mail

No method changes in FY 2016.

USPS-FY16-14 Mail Characteristics Study (Public Version)

The methodology is not changed from Docket No. ACR2015.

USPS-FY16-15 FY 2016 Special Cost Studies Workpapers – Bound Printed Matter Mail Processing Cost Model / Media Mail – Library Mail Processing Cost Model

No method changes in FY 2016.

USPS-FY16-16 FY 2016 Special Cost Studies Workpapers – Bound Printed Matter Transportation Costs / Bulk Parcel Return service Cost Study

No method changes in FY 2016.

USPS-FY16-17 FY2016 Annual Report

No method changes in FY 2016.

USPS-FY16-18 FY2016 ECR Mail Processing Unit Costs

Prior year's manual letter productivities (USPS-FY15-23, Docket No. ACR2015) had to be used for preparation of USPS-FY16-21 models. See preface to USPS-FY16-23 for details.

USPS-FY16-19 FY 2016 Delivery Costs By Shape

USPS-FY16-19 follows the methods from PRC-LR-ACR2014/8 with one modification. In Docket No. ACR2015, USPS-FY15-19 disaggregated delivery costs for certain categories of flats (including Carrier Route Flats) into those destinating in FSS zones and those destinating in Non-FSS zones.[1,2] A classification change occurred in June 2015 that required all pieces in FSS bundles to be Standard Mail Flats.[3] Consequently, USPS-FY16-19 does not have delivery costs for Carrier Route Flats destinating to FSS Zones, because they were not permitted during FY 2016. USPS-FY16-19 does present disaggregated delivery costs for flat shaped Periodicals, Standard Mail Flats, and Bound Printed Matter by destination between FSS and Non-FSS zones per the established methodology.[4]

USPS-FY16-20 FY 2016 Window Service Cost by Shape

No method changes in FY 2016.

USPS-FY16-21 Business Reply Mail Cost Model

Prior year's manual letter productivities (USPS-FY15-23, Docket No. ACR2015) had to be used for preparation of USPS-FY16-21 models. See preface to USPS-FY16-23 for details.

USPS-FY16-22 FY 2016 Bound Printed Matter Mail Processing Costs

No method changes in FY 2016.

USPS-FY16-23 MODS Productivity Data

The productivities for plant and NDC operations employ data from the Management Operating Data System (MODS). The calculations follow the methodology from Docket No. R2006-1, USPS-LR-L-56, Part III, as modified in Docket No. RM2012-2, Proposals Sixteen and Seventeen (approved in Commission Order No. 1383) and Docket No. RM2014-1, Proposal Eight (approved in part in Commission Order No. 1877).

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[1] Delivery costs for flats destinating in FSS and Non-FSS zones were presented for Periodicals, Carrier Route, Standard Mail Flats, and Bound Printed Matter.
[2] See Docket No. RM2015-16, Order No. 2839, November 25, 2015.
[3] See Docket No. R2015-4, Order No 2472, May 7, 2015.
[4] See USPS-FY16-19, workbook FSSDeliveryModel16, tab Table2_FSS

USPS-FY16-23 reports FY2016 productivity statistics for MODS manual letter and manual flat operations computed by the Commission's approved method. However, the Postal Service believes the FY2016 data are unreliable due to an underlying change to the imputation of manual letter and manual flat workloads in MODS. The Postal Service recommends that FY2015 productivity data for manual letter and manual flat operations be used for FY2016, pending the development of alternative workload or productivity methods for those operations.

Since the elimination of weighing mail for FHP measurement, workloads in manual letter and flat operations have been derived, in part, using facility-specific ratios of manual to automated workloads derived from annual counts performed at the facilities. A Lean Six Sigma effort replaced the facility-specific factors with national factors derived from allowances in the Mail Processing Variance (MPV) system as of the start of FY2016. The MPV-based allowances represented maximum fractions of automated workload for which facilities could receive credit rather than actual fractions from which unbiased estimates of actual workloads could be derived, at least at the national level.

During FY2016, Postal Service analysts observed unusually large changes in workloads for manual letter and manual flat operations as of the start of the fiscal year. Generally, measured manual flat productivities decreased significantly (implying that the national factors underestimate flat workloads relative to the site-specific factors), while manual letter productivities increased overall, in some cases to implausibly high levels. Thus, the MODS conversion change unfortunately appears to have made the affected FY2016 productivities less reliable than the FY2015 data.

The Postal Service note that productivities for mechanized and automated operations, and for manual parcel operations, are unaffected by the MODS change. Automated and mechanized operations' workloads are derived from direct piece counts reported via webEOR; manual parcel operations derive workload from container counts (converted to pieces) or piece counts.

An additional minor change was made to the data screening for the NDC Outgoing Pouching productivity. The FY2016 screened productivity declined sharply because one site reported several monthly observations with productivities near the cutoff value for the 1% tail. Given the number of monthly observations in the NDC dataset, the 1% cutoff was insufficient to eliminate all the extreme observations from the site in question, while the median productivity showed little change over SPLY implying there was no broader change. Thus, the Postal Service excluded all Outgoing Pouching data from the site in question to avoid an unwarranted shock to the measured productivity.

Finally, the Stata programs modsprod_fy16.do and ndcprod_fy16.do incorporate modifications to produce additional summary statistics for unscreened data, and Excel versions of the pre-screening datasets, as described in the Postal Service's response to Docket No. ACR2015, Chairman's Information Request No. 7, Question 21.

Productivities for Remote Encoding Center (REC) operations are based on image volumes and console hours from the WebROADS system, adjusted for "overhead" workhours included in the MODS workhour total.

USPS-FY16-24 FY 2016 Non-Operation Specific Piggyback Factors (Public Version)

USPS-FY16-24 uses the PRC cost methodology from Docket No. R2006-1, as described in the testimony of witness Marc Smith, USPS-T-13 and also Docket No. ACR2007, USPS-FY07-24.   The piggyback factors reflect the calculations done in the CRA model. Thus changes to the CRA model, as described in USPS-FY16-31, affect the piggyback factors.

USPS-FY16-25 FY 2016 Mail Processing Piggyback Factors (Operation Specific)

For this fiscal year, the workbook MPPGBY16PRC.XLS was augmented to include a separate piggyback factor for the Small Package Sorting System (SPSS) costs. SPSS were first deployed last fiscal year and additional deployments were made this fiscal year.

USPS-FY16-26 FY 2016 Mail Processing Costs by Shape (Public Version)

USPS-FY16-26 uses the same methodology as USPS-FY15-26 from Docket No. ACR2015. That said, the spreadsheet containing the results for this folder, shp16prc.xls, has been revamped to better label the cost pools, eliminate some redundant, outdated/unneeded calculations, and remove a number of "test year" formulas (which date back to when the same spreadsheet was utilized in omnibus rate cases to calculate both base year and test year mail processing costs by shape). In addition to simplifying the calculations, the sheets have been transposed to allow for easier viewing. Also, the tabs have been renamed to indicate function. The revised spreadsheet provides for generally improved presentation. The first tab "Doc" lists the spreadsheet tabs, and for each tab describes the function and the former name of the tab. Apart from correcting some minor errors, the overhauled spreadsheet is computationally identical to its predecessor.

USPS-FY16-27 FY 2016 Nonprofit Mail Cost Approximations

No method changes in FY 2016.

USPS-FY16-28 FY 2016 Special Cost Studies Workpapers – Special Services

No method changes in FY 2016.

USPS-FY16-29 FY 2016 Service Performance of Market Dominant Products

No method changes in FY 2016.

USPS-FY16-30 FY 2016 Market Dominant NSA Materials

In the "FY 16 NSA Unit Cost Detail Data Calculations.xls" spreadsheet, disaggregated data are used for First Class Presort Flats where available and combined single and presort data are used where not available. Extraneous data which did not feed the summary data sheet have been eliminated since the USPS FY12-30 report filing. A "Note" tab has been added to explain the data contained on each tab and the source of the data. Lastly, "Costs D Report" was added to provide adjusted cost data for the ECR categories, and the "RPW" tab was removed because the data it contained are found in other tabs in the report.

USPS-FY16-31 FY 2016 CRA Model (Model Files, Cost Matrices, and Reports) (Public Version)

The CRA Model documented in USPS-FY16-31 essentially follows the methods applied in the Commission's FY 2015 Annual Compliance Determination (ACD). Although Order No. 3506 added inframarginal costs as a component of attributable costs going forward, the starting point for postal costing is and will remain the development of volume variable and product specific costs performed in the CRA Model. Moreover, the Commission said in Order No. 3506 that "marginal costs should remain as the Postal Service's basis for setting prices."[5] Thus, the CRA Model documented in USPS-FY16-31 follows the established methods for calculating volume variable and product specific costs by product as applied in the Commission's FY 2015 Annual Compliance Determination (ACD) with the following modifications:[6]

1. In the cost matrices and reports, costs that were previously defined as attributable are now classified as volume variable or product specific. Specifically, the row header has been renamed VOL VAR & PROD SPEC. Unless specifically identified in the column heading as either Product Specific' or 'PS', the product costs displayed are volume variable. This change was done in response to the Commission's directive in Docket No. RM2016-2, Order No. 3506.

2. The "C" Report now contains the applicable volume variable/product specific costs by product by component. Components serve as the building blocks for the CRA and displaying volume variable and product specific costs at the component level enables customers to better evaluate and understand the sources of costs. Previously, the "C" Report only provided information for component groups.

3. The "D" Report adjustment that was done for part of FY 2015, impacting costs for Standard Mail Carrier Route, Standard Mail Flats, and Standard Mail High Density/Saturation Flats and Parcels, was not done in FY 2016. As noted in USPS-FY15-31, starting in June of 2015, the adjustment was no longer needed because of

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[5] Docket No. RM2016-2, Order No. 3506 (September 9, 2016) at 61.
[6] Unit Volume Variable Cost has been proven to be equivalent to the marginal cost for a given product and can therefore be used for marginal analysis and pricing. (*Id.* at 9, Note 13.)

a classification change that required all pieces in FSS bundles to be part of the Standard Mail Flats product.[7] Please refer to the preface of USPS-FY15-31 for more information.

4. Component 186 in Cost Segment (CS) 16.3.4.9 is now named 'Incentive Service Fees'.

5. Component 134 in CS 13.2.1.2 has been renamed 'Other and Product Specific Carfare'.

6. The product Standard Post has been renamed Retail Ground. Retail Ground retained the same CRA Class code of 145.

In addition to the changes listed above, the Postal Service also had to sort out the treatment of expenses from a new source and make two corrections. Both of these topics merit further explanation.

The new expenses came from the data plans associated with usage of the Mobile Delivery Devices (MDDs, i.e. scanners). Component 171 in CS 15.3.4, entitled MDD Communications was created to handle these expenses. In FY 2016, the accrued costs were $6.9 million. These costs were incurred to cover data plans for the MDDs used daily by city and rural carriers. Each MDD has a data plan of 25 MB to cover package and other product scans, GPS data, texting between carrier and office, and data downloads to the MDD. The established treatment of equipment related costs is to receive the same variability and distribution as the labor costs that use the equipment. As such, in FY 2016, the variability and distribution for this expense is the combined city and rural carrier labor cost variability and distribution.

Two corrections were made in the treatment of costs in component 71, now entitled FERS Supplemental Liability (nee Annuitant Life Insurance). Both corrections revise procedures for prior year costs incorrectly treated in FY2015 and before as partially volume variable, whereas the established methodology is for these costs to be entirely treated as institutional. One, General Ledger account 51291, entitled Retired Annuitants Life Insurance, records the Postal Service's share of supplemental life insurance premiums for employees retiring prior to age 65. In FY 2016, this account totaled $14.1 million. This expense is associated with postal retirees. As such, it is a prior year expense and therefore, by the established methodology, is an institutional cost. Previously, however, these costs have been incorrectly treated as volume variable as all labor in component 525 (all labor from cost segments 1-13, 16, 18, and 19). Thus, in FY2016, a correction was made to treat these costs as institutional in accordance with the established methodology.

Two, likewise, General Ledger account 56642 covers the FERS Supplemental Liability expense. This account totaled $247.6 million in FY 2016. OPM assesses these charges if the cumulative value of past payments for FERS is deemed insufficient (or

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[7] See Docket No. R2015-4, Order No 2472, May 7, 2015.

are less than the FERS actuarial liability). Essentially, these assessments stem from OPM's determination that payments made for previous fiscal years were too low and as such, these assessments or payments relate to expenses from prior years, rather than the current year.[8] Therefore, by the established methodology, they should be treated as institutional costs. This expense first occurred in FY 2014 and it was incorrectly treated as volume variable as all labor costs in FY 2014 and FY 2015. Thus, in FY 2016, a correction was made to treat these costs as institutional in accordance with the established methodology.

USPS-FY16-32 FY 2016 CRA "B" Workpapers (Public Version)

The "B" Workpapers documented in USPS-FY16-32 essentially follow the methods applied in the Commission's FY 2015 Annual Compliance Determination (ACD). Although Order No. 3506 added inframarginal costs as a component of attributable costs going forward, the starting point for postal costing is and will remain the development of volume variable and product specific costs performed in the CRA Model (using inputs from this folder). Moreover, the Commission said in Order No. 3506 that "marginal costs should remain as the Postal Service's basis for setting prices."[9] Thus, costs calculated in the CRA "B" Workpapers that in previous years were categorized as attributable (under the old definition) are now this year classified as volume variable/product specific.[10]

Consequently, the "B" Workpapers documented in USPS-FY16-32 essentially follow the established methods to calculate volume variable and product specific costs as were applied in the Commission's FY 2015 Annual Compliance Determination (ACD), except for the following modifications listed for the input workbook (I-Forms), and the applicable cost models contained within the set of "B" Workpapers in USPS-FY16-32. These changes are also included on the 'Changes' tab contained within each cost model workbook.[11]

I-Forms – Input Forms

Tab I-Trial Bal. This tab contains new rows for International Product Specific costs in cost segments 7 and 13.

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[8] The Postal Service's current year FERS costs, which for most FERS covered employees were 13.7 percent of base pay in FY2016, are included as a part of the labor costs in cost segments 1-13, 16, 18 and 19 and as such are treated as variable and have the same distribution as these labor costs in accordance with the established methodology. The Postal Service's FERS expenses are further discussed in its 10-K report at pages 22-26.

[9] Docket No. RM2016-2, Order No. 3506 (September 9, 2016) at 61.

[10] The row total uses the term Volume Variable. In the rare instances where the costs are product specific rather than volume variable, the column header will contain 'Product Specific'. In CS06&7, tab 'Outputs to CRA' column 4, for example, is entitled 'Product Specific Delivery Activities'.

[11] In addition to the specific changes list by workbook, minor structural changes that did not impact the costs were made to each workbook. The main purpose of these structural changes is to enable the automation of redacting rows to create the public version of this folder contained in USPS-FY16-32.

Tab I-Trial Bal. A correction was made to Cell E29 to properly link to the Trial Balance to input the total amount of 'Other Vehicle Hire' costs (Component 107).

Cost Segment 6&7 – City Delivery Carriers

Tab 'Input CS6', Line 26. Cell E24 now links to I-Forms to identify International Product Specific costs from the reallocated Trial Balance. It replaced the obsolete line entitled Lump Sum.

Tab '7.0.4.1', Line 2. Line 2 was added to identify International Product Specific costs. Cell D10 is linked back to the corresponding cell on tab 'Inputs CS6'.

Tab '7.0.4.1', Line 3. Cell D11 subtracts the International Product Specific costs from total street costs. This avoids double counting the International Product Specific costs from Line 2 on Tab '7.0.4.1'.

Tab 7.0.6, Line 49. Cell AB63 assigns International Product Specific costs to International within the Delivery Activities Product Specific component (48).

Cost Segment 13 – Miscellaneous Local Operations

Tab 'Inputs', Line 2. Line 2 was added to identify International Product Specific costs from the reallocated Trial Balance within the 'Other and Product Specific Carfare' component (134).

Tab '13.2.3', Line 4. Cell D13 subtracts the International Product Specific costs from the 'Other and Product Carfare' component (134) to avoid double counting those costs.

Tab 'Outputs to CRA', Line 2. Line 2 assigns the International Product Specific costs from the 'Other and Product Specific Carfare' component (134) to International.

Cost Segment 14 – Purchased Transportation

Tab '14.3', Line 66. A correction was made to the formula in columns 10-14 to correct the calculation of the total quarterly/annual volume variable costs for the 'Peak' network. In FY 2015, row 59 (Line 60 in FY 2016) was erroneously not included in the calculation, which resulted in an $814 K understatement of volume variable costs in the 'Peak' cost pool.

USPS-FY16-33 Consumer Access to Postal Services

No method changes in FY 2016.

USPS-FY16-34 City Carrier Cost System (CCCS) Documentation (Public Version)

Documentation for the CCCS provided in USPS-LR-L-11, Docket No. R2006-1, included complete programs and descriptions for sample frame development and sample selection. Those programs and descriptions have incurred no substantive changes and are not reproduced herein. The estimation programs and output formats have incurred no substantive changes and are described in the CCCS System Documentation section below.

Per Commission Order No. 3621 (November 17, 2016), estimates for CCCS international products are reported in the same shapes as domestic products. For accountables, LC/AO pieces with Inbound Registry are reported under the Registry service. Last year, the flat-shaped distribution keys for Standard Regular, ECR Basic, and ECR HD were adjusted for the first three quarters, by using FY13 CCCS distribution key proportions to redistribute within those products to correct for FSS-marked pieces that did not have the proper ECR markings. No comparable adjustments were made Quarter 4 of last year, due to the corrections to ECR marked pieces as a result of the Postal price change effective on May 31, 2015. For the same reason, no adjustments were made in any quarters of FY2016.

USPS-FY16-35 Rural Carrier Cost System (RCCS) Documentation (Public Version)

Per Commission Order No. 3621 (November 17, 2016), LC/AO pieces with Inbound Registry are reported under the Registry service. Last year, the flat-shaped distribution keys for Standard Regular, ECR Basic, and ECR HD were adjusted for the first three quarters, by using FY13 RCCS distribution key proportions to redistribute within those products to correct for FSS-marked pieces that did not have the proper ECR markings. No comparable adjustments were made Quarter 4 of last year, due to the corrections to ECR marked pieces as a result of the Postal price change effective on May 31, 2015. For the same reason, no adjustments were made in any quarters of FY2016.

USPS-FY16-36 Transportation Cost Systems (TRACS) Documentation (Public Version)

No method changes in FY 2016.

USPS-FY16-37 In-Office Cost System (IOCS) Documentation (Public Version)

For FY16, IOCS methodology is the same as described in Docket ACR2015: USPS-FY15-37, except for the changes listed below.

Effective May 31, 2015, FSS-specific prices became part of the Standard Regular product rather than ECR, and therefore FSS costs are no longer split using PostalOne data.

Effective on May 31, 2015, USPS Tracking became a free Extra Service for retail First-Class Mail Parcels and Media Mail. Therefore, there is no longer an adjustment using POS data to shift window acceptance costs to USPS Tracking.

Changes have been made to the production programs to reflect Order No. 2387 (Nov. 24, 2015), Proposal Ten in Docket RM2015-19. A new variable, RPT_CAG, has been added to the IOCS dataset to enable separate reporting of CAG K and L offices from the CAG H and J offices that are in the same strata.

Changes have also been made to reflect Order No. 3519 (Sep 16, 2016), Docket No. CP2016-261 (Global Expedited Package Services 6). Certain international sacks that were formerly identified as mixed mail are now identified as IPA or ISAL sacks and costs are assigned to the IPA or ISAL product respectively. .

After investigation into an anomaly in the costs of First-Class Presort Flats and First-Class Single Piece flats[12], a coding error in IOCS data processing was identified and corrected, leading to a shift in costs from First-Class Presort to First-Class Single Piece for both letters and flats.

USPS-FY16-38 USPS Market Dominant Product Customer Satisfaction Measurement (CSM) Survey Instruments

No method changes in FY 2016.

USPS-FY16-39 FY 2016 Competitive Products Fund Reporting Materials

No method changes in FY 2016.

USPS-FY16-40 Rural Mail Count

No method changes in FY 2016.

USPS-FY16-41 2016 International Market Dominant Billing Determinants

No method changes in FY 2016.

USPS-FY16-42 FY 2016 Revenue, Pieces, and Weights

USPS-FY16-42 generally uses the same methodologies to produce previous RPW reports, but also reflects the following specific changes:

Commission Order No. 3377 (June 17, 2016) regarding the enhancement of the international outbound statistical estimates from SIRVO was implemented for Quarters, 1, 2, and 3 revisions. See Proposal One in Docket No. RM2016-7.

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[12] Responses of the United States Postal Service to Question 4 of Docket No. ACR FY2015, Chairman's Information Request No. 16, question 4, February 29, 2016.

Commission Order No. 2732 (September 28, 2015) regarding the replacement of the statistical sampling estimates of mailed entered through Click-N-Ship (CNS) with transactional census data from CNS was implemented for Quarter 1 revisions (implementation began with Quarter 2). See Proposal Six in Docket No. RM2015-15.

USPS-FY16-43   FY 2016 Market Dominant Product Incremental Costs

USPS-FY16-43 applies essentially the same basic methodology as applied with respect to competitive products in the FY 2015 ACR in USPS-FY15-NP10.
See USPS FY16-43 Preface for additional information.

USPS-FY16-44   Update to Periodicals Pricing Report

Relative to the Excel file provided in July, the Excel file included with USPS-FY16-44 updates Quarter Two, adds Quarter Four, and uses FY16 cost data from USPS-FY16-11 and USPS-FY16-19.

SECTION TWO: METHODOLODGY CHANGES
Nonpublic Annex

USPS-FY16-NP1 FY 2016 Domestic Competitive Product Billing Determinants

No method changes in FY 2016.

USPS-FY16-NP2 FY 2016 International Cost and Revenue Analysis (ICRA) Report

This folder uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY16-NP13 and the following Modifications of Analytical Principles in Periodic Reporting:

RM2016-10 (Order No. 3621) Proposal Two -- Align the ICRA methodology with the Cost and Revenue Analysis (CRA) methodology used for developing delivery costs

RM2009-10 (Order No. 339) Proposal Eleven -- Using Audited Accounting Revenues and Expenses in the ICRA

RM2009-10 (Order No. 339) Proposal Eighteen -- Tracking Domestic Transportation Costs of Foreign-Origin Surface CP

RM2010-4 (Order No. 399) Proposal Twenty-Three -- to Make the Treatment of Volume-Variable Window Service Costs Consistent for Domestic and International Money Orders

RM2010-12 (Order No. 658) Proposal Six - Proposal to Incorporate Certain IOCS Tally Analysis Directly into the ICRA

RM2011-5 (Order No. 724) Proposal Eleven - Separate Reporting of Financial Results for Inbound and Outbound IMTS

RM2012-1 (Order No. 1153) Proposal Nine - Proposed Change in Method for International Cost and Revenue Analysis (ICRA) Report

RM2012-5 (Order No. 1388) Proposal Three - Changes in IOCS Encirclement Rules

RM2012-5 (Order No. 1388) Proposal Five - Change to Methodology of Distributing Costs Incurred by Vehicle Service Drivers

RM2012-7 (Order No. 1516) Proposal Six – Use of Foreign Postal Settlement System Data for Reporting of Inbound International Revenue, Pieces, and Weights in the ICRA

RM2013-6 (Order No. 1983) Proposal Four - Change in Methodology for Outbound Air Transportation Costs to Canada

RM2013-6 (Order No. 1983) Proposal Five - Change in Methodology for Distributing Settlement Costs For Certain International Negotiated Service Agreements

MC2014-28 (Order No. 2160) - (1) transfer Inbound Surface Parcel Post (at Universal Postal Union (UPU) rates) from the market dominant product list to the competitive product list; (2) merge the transferred product with Inbound Air Parcel Post (at UPU rates); and (3) identify the merged product as Inbound Parcel Post (at UPU rates).

RM2014-6 (Order No. 2180) Proposal Four - Revise the costing methodology of the portion of Priority Mail International and International Surface Airlift that is not associated with a negotiated service agreement. It also seeks to extend the proposed methodology to several other international mail products.

RM2014-6 (Order No. 2180) Proposal Five - Revise the methodology for reporting financial results for the Inbound Market Dominant Exprès Service Agreement 1 product in the International Cost and Revenue Analysis report.

RM2015-7 (Order No. 2792) Proposal Thirteen – Update and revise the approach to develop estimates of city carrier street time.

RM2015-10 (Order No. 2695) Proposal Two – Replace the traditional Imputed and Booked versions of the International Cost and Revenue Analysis (ICRA) report with a single Unified version.

RM2015-12 (Order No. 2726) Proposal Four – Replace the use of international accounting data with System for International Revenue and Volume, Outbound— International Origin-Destination Information System (SIRVO-IODIS) data in the International Cost and Revenue Analysis (ICRA) report. (**NOTE:** Four data sheets in Inputs.xls related to inbound invoices (Inbound Canada CY1, Inbound Canada CY2, Inbound Netherlands CY1, and Inbound Netherlands CY2) were inadvertently omitted from the list of deletions in Proposal Four. Previously, these sheets were transferred to Inbound Calcs.xls and used to impute costs, but as FPS became the control on costs, these sheets are no longer needed. As such, these four sheets are not included in the FY15 ICRA model.)

RM2015-13 (Order No. 2825) Proposal Five -- Change the methodology of distributing volume variable and product specific costs to the International Money Transfer Service (IMTS)—Outbound and Inbound products.

USPS-FY16-NP3 FY 2016 International Cost Segments and Components Report

This folder uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY16-NP13 and USPS-FY16-NP2.

USPS-FY16-NP4 FY 2016 ICRA Domestic Processing Model (Cost matrices, Reports, Control File, & Changes)

This folder uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY16-NP13 and USPS-FY16-NP2.

USPS-FY16-NP5 FY 2016 ICRA Overview/Technical Description

This folder uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY16-NP13 and USPS-FY16-NP2.

USPS-FY16-NP6 FY 2016 International Cost Segment Spreadsheets

This folder uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY16-NP13 and USPS-FY16-NP2.

USPS-FY16-NP7 FY 2016 Cost Segment 3 International Subclass Costs by Cost Pools (Volume Variable Cost Pools)

No method changes in FY 2016. Please see Preface for additional information.

USPS-FY16-NP8 FY 2016 International Competitive Billing Determinants

No method changes.

USPS-FY16-NP9 FY 2016 Miscellaneous International Data

This folder uses the PRC cost methodology from Docket No. R2006-1, with any modifications defined in USPS-FY16-NP13 and USPS-FY16-NP2.

USPS-FY16-NP10 FY 2016 Competitive Product Incremental and Group Specific Costs (Nonpublic Version)

No method changes, except that the model is now used to produce product-level incremental costs for certain competitive products and "product types," as well as the group incremental costs for Competitive Products as a whole produced in previous years .

USPS-FY16-NP11 2016 Nonpublic Cost and Revenue Analysis (NPCRA) Report

The FY 2016 NPCRA documented in USPS-FY16-NP11 essentially follows the methods applied in the Commission's FY 2015 Annual Compliance Determination (ACD) with the following cosmetic modification.

In Docket No. RM2016-13,Order No. 3641, the Commission finalized its rules regarding the definition of attributable costs.[13] In its Order, the Commission established that a product's attributable cost will be defined as the sum of its volume variable, product specific, and those inframarginal costs calculated as part of a product's incremental costs.[14] Previously, a product's attributable cost was equal to the sum of its volume variable and product specific cost. Therefore, the costs in previous years classified as attributable in column B of the NPCRA report are now categorized as Vol Var and Prod Spec (Volume Variable and Product Specific). However, this is a cosmetic rather than substantive change, because the former definition of attributable costs was the sum of volume variable and product specific costs. Accordingly, the costs and other metrics displayed in USPS-FY16-NP11 are comparable to those from recent years. To the extent that incremental cost information is available for many (but not all) competitive products or "product types," such information is contained in USPS-FY16-NP10.

USPS-FY16-NP12 FY 2016 Nonpublic Cost Segments and Components Report

The Nonpublic Cost Segments and Components Report documented in USPS-FY16-NP12 essentially follows the methods applied in the Commission's FY 2015 Annual Compliance Determination (ACD). Although Order No. 3506 added inframarginal costs as a component of attributable costs going forward, the starting point for postal costing is and will remain the development of volume variable and product specific costs performed in the CRA Model (USPS-FY16-NP13). Those volume variable and product specific costs flow into the Cost Segments and Component report presented in this folder. Moreover, the Commission said in Order No. 3506 that "marginal costs should remain as the Postal Service's basis for setting prices."[15] Thus, the FY 2016 Nonpublic Cost Segments and Components Report documented in USPS-FY16-NP12 follows the methods applied in the Commission's FY 2015 Annual Compliance Determination (ACD) for calculating volume variable/product specific costs with the modifications discussed in USPS-FY16-NP13 (CRA Model) and USPS-FY16-NP14 ("B" Workpapers).

Accordingly, USPS-FY16-NP12 now has product costs at the component level rather than at a more aggregated level as was done previously. Components serve as the building blocks for the CRA and displaying volume variable and product specific costs at the component level enables customers to better evaluate and understand the sources of costs.

USPS-FY16-NP13 FY 2016 CRA Model (Model Files, Cost Matrices, and Reports)

The CRA Model documented in USPS-FY16-NP13 essentially follows the methods applied in the Commission's FY 2015 Annual Compliance Determination (ACD).

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[13] The Commission established Docket No. RM2016-13 with Order No. 3507 on September 9, 2016 to make conforming changes to rules that specifically define or describe attributable costs, pursuant to Commission Order No. 3506 in Docket No. RM2016-2. Order No. 3506 discusses in detail the rationale for changing the calculation of attributable costs.
[14] Docket No. RM2016-13, Order No. 3641 at 10.
[15] Docket No. RM2016-2, Order No. 3506 at 61.

Although Order No. 3506 added inframarginal costs as a component of attributable costs going forward, the starting point for postal costing is and will remain the development of volume variable and product specific costs performed in the CRA Model. Moreover, the Commission said in Order No. 3506 that "marginal costs should remain as the Postal Service's basis for setting prices."[16] Thus, the CRA Model documented in USPS-FY16-NP13 follows the established methods for calculating volume variable and product specific costs by product as applied in the Commission's FY 2015 Annual Compliance Determination (ACD) with the following modifications:[17]

7. In the cost matrices and reports, costs that were previously defined as attributable are now classified as volume variable or product specific. Specifically, the row header has been renamed VOL VAR & PROD SPEC. Unless specifically identified in the column heading as either Product Specific' or 'PS', the product costs displayed are volume variable. This change was done in response to the Commission's directive in Docket No. RM2016-2, Order No. 3506.

8. The "C" Report now contains the applicable volume variable/product specific costs by product by component. Components serve as the building blocks for the CRA and displaying volume variable and product specific costs at the component level enables customers to better evaluate and understand the sources of costs. Previously, the "C" Report only provided information for component groups.

9. The "D" Report adjustment that was done for part of FY 2015, impacting costs for Standard Mail Carrier Route, Standard Mail Flats, and Standard Mail High Density/Saturation Flats and Parcels, was not done in FY 2016. As noted in USPS-FY15-NP13, starting in June of 2015, the adjustment was no longer needed because of a classification change that required all pieces in FSS bundles to be part of the Standard Mail Flats product.[18] Please refer to the preface of USPS-FY15-NP13 for more information.

10. Component 186 in Cost Segment (CS) 16.3.4.9 is now named 'Incentive Service Fees'.

11. Component 134 in CS 13.2.1.2 has been renamed 'Other and Product Specific Carfare'.

12. The product Standard Post has been renamed Retail Ground. Retail Ground retained the same CRA Class code of 145.

In addition to the changes listed above, the Postal Service also had to sort out the treatment of expenses from a new source and make two corrections. Both of these topics merit further explanation.

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[16] Docket No. RM2016-2, Order No. 3506 (September 9, 2016) at 61.
[17] Unit Volume Variable Cost has been proven to be equivalent to the marginal cost for a given product and can therefore be used for marginal analysis and pricing. (*Id.* at 9, Note 13.)
[18] See Docket No. R2015-4, Order No 2472, May 7, 2015.

The new expenses came from the data plans associated with usage of the Mobile Delivery Devices (MDDs, i.e. scanners). Component 171 in CS 15.3.4, entitled MDD Communications was created to handle these expenses. In FY 2016, the accrued costs were $6.9 million. These costs were incurred to cover data plans for the MDDs used daily by city and rural carriers. Each MDD has a data plan of 25 MB to cover package and other product scans, GPS data, texting between carrier and office, and data downloads to the MDD. The established treatment of equipment related costs is to receive the same variability and distribution as the labor costs that use the equipment. As such, in FY 2016, the variability and distribution for this expense is the combined city and rural carrier labor cost variability and distribution.

Two corrections were made in the treatment of costs in component 71, now entitled FERS Supplemental Liability (nee Annuitant Life Insurance). Both corrections revise procedures for prior year costs incorrectly treated in FY2015 and before as partially volume variable, whereas the established methodology is for these costs to be entirely treated as institutional. One, General Ledger account 51291, entitled Retired Annuitants Life Insurance, records the Postal Service's share of supplemental life insurance premiums for employees retiring prior to age 65. In FY 2016, this account totaled $14.1 million. This expense is associated with postal retirees. As such, it is a prior year expense and therefore, by the established methodology, is an institutional cost. Previously, however, these costs have been incorrectly treated as volume variable as all labor in component 525 (all labor from cost segments 1-13, 16, 18, and 19). Thus, in FY2016, a correction was made to treat these costs as institutional in accordance with the established methodology.

Two, likewise, General Ledger account 56642 covers the FERS Supplemental Liability expense. This account totaled $247.6 million in FY 2016. OPM assesses these charges if the cumulative value of past payments for FERS is deemed insufficient (or are less than the FERS actuarial liability). Essentially, these assessments stem from OPM's determination that payments made for previous fiscal years were too low and as such, these assessments or payments relate to expenses from prior years, rather than the current year.[19] Therefore, by the established methodology, they should be treated as institutional costs. This expense first occurred in FY 2014 and it was incorrectly treated as volume variable as all labor costs in FY 2014 and FY 2015. Thus, in FY 2016, a correction was made to treat these costs as institutional in accordance with the established methodology.

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[19] The Postal Service's current year FERS costs, which for most FERS covered employees were 13.7 percent of base pay in FY2016, are included as a part of the labor costs in cost segments 1-13, 16, 18 and 19 and as such are treated as variable and have the same distribution as these labor costs in accordance with the established methodology. The Postal Service's FERS expenses are further discussed in its 10-K report at pages 22-26.

USPS-FY16-NP14 FY 2016 CRA "B" Workpapers

The "B" Workpapers documented in USPS-FY16-NP14 essentially follow the methods applied in the Commission's FY 2015 Annual Compliance Determination (ACD). Although Order No. 3506 added inframarginal costs as a component of attributable costs going forward, the starting point for postal costing is and will remain the development of volume variable and product specific costs performed in the CRA Model (using inputs from this folder). Moreover, the Commission said in Order No. 3506 that "marginal costs should remain as the Postal Service's basis for setting prices."[20] Thus, costs calculated in the CRA "B" Workpapers that in previous years were categorized as attributable (under the old definition) are now this year classified as volume variable/product specific.[21]

Consequently, the "B" Workpapers documented in USPS-FY16-NP14 follow the established methods to calculate volume variable and product specific costs as were applied in the Commission's FY 2015 Annual Compliance Determination (ACD), except for the following modifications listed for the input workbook (I-Forms), and the applicable cost models contained within the set of "B" Workpapers in USPS-FY16-NP14.   These changes are also included on the 'Changes' tab contained within each cost model workbook.[22]

I-Forms – Input Forms

Tab I-Trial Bal. This tab contains new rows for International Product Specific costs in cost segments 7 and 13.

Tab I-Trial Bal. A correction was made to Cell E29 to properly link to the Trial Balance to input the total amount of 'Other Vehicle Hire' costs (Component 107).

Cost Segment 6&7 – City Delivery Carriers

Tab 'Input CS6', Line 26. Cell E24 now links to I-Forms to identify International Product Specific costs from the reallocated Trial Balance. It replaced the obsolete line entitled Lump Sum.

Tab '7.0.4.1', Line 2. Line 2 was added to identify International Product Specific costs. Cell D10 is linked back to the corresponding cell on tab 'Inputs CS6'.

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[20] Docket No. RM2016-2, Order No. 3506 (September 9, 2016) at 61.
[21] The row total uses the term Volume Variable. In the rare instances where the costs are product specific rather than volume variable, the column header will contain 'Product Specific'. In CS06&7, tab 'Outputs to CRA' column 4, for example, is entitled 'Product Specific Delivery Activities'.
[22] In addition to the specific changes list by workbook, minor structural changes that did not impact the costs were made to each workbook. The main purpose of these structural changes is to enable the automation of redacting rows to create the public version of this folder contained in USPS-FY16-32.

Tab '7.0.4.1', Line 3. Cell D11 subtracts the International Product Specific costs from total street costs. This avoids double counting the International Product Specific costs from Line 2 on Tab '7.0.4.1'.

Tab 7.0.6, Line 49. Cell AB63 assigns International Product Specific costs to International within the Delivery Activities Product Specific component (48).

Cost Segment 13 – Miscellaneous Local Operations

Tab 'Inputs', Line 2. Line 2 was added to identify International Product Specific costs from the reallocated Trial Balance within the 'Other and Product Specific Carfare' component (134).

Tab '13.2.3', Line 4. Cell D13 subtracts the International Product Specific costs from the 'Other and Product Carfare' component (134) to avoid double counting those costs.

Tab 'Outputs to CRA', Line 2. Line 2 assigns the International Product Specific costs from the 'Other and Product Specific Carfare' component (134) to International.

Cost Segment 14 – Purchased Transportation

Tab '14.3', Line 66. A correction was made to the formula in columns 10-14 to correct the calculation of the total quarterly/annual volume variable costs for the 'Peak' network. In FY 2015, row 59 (Line 60 in FY 2016) was erroneously not included in the calculation, which resulted in an $814 K understatement of volume variable costs in the 'Peak' cost pool.

USPS-FY16-NP15 FY 2016 Special Cost Studies Workpapers – Parcel Select/ Parcel Return Service Cost Model

No method changes in FY 2016.

USPS-FY16-NP16 FY 2016 Special Cost Studies Workpapers – Parcel Select/ Parcel Return Service Transportation Cost Estimates

No method changes in FY 2016.

USPS-FY16-NP17 FY 2016 Special Cost Studies Workpapers – Parcel Select/ Parcel Return Service (PRS) Cube-Weight Relationship Estimation

No method changes in FY 2016.

USPS-FY16-NP18 Cost Segment 3 Cost Pools & Other Related Information (Nonpublic Version)

No method changes in FY 2016.

USPS-FY16-NP19 FY 2016 Non-Operation Specific Piggyback Factors (Nonpublic Version)

USPS-FY16-NP19 uses the PRC cost methodology from Docket No. R2006-1, as described in the testimony of witness Marc Smith, USPS-T-13 and it is the same methodology as used in Docket No. ACR2015, USPS-FY15-NP19.   The piggyback factors reflect the calculations done in the CRA model. Thus changes to the CRA model, as described in USPS-FY16-NP13, affect the piggyback factors.

USPS-FY16-NP20 FY 2016 Mail Processing Costs by Shape (Nonpublic Version)

USPS-FY16-NP20 uses the same methodology as USPS-FY15-NP20 from Docket No. ACR2015. This is based on the PRC cost methodology from Docket No. R2006-1, as contained in PRC-LR-9. Though the methodology is unchanged, the spreadsheet containing the results for this folder, shp16prc.parcel select prs.xls, has been revamped to better label the cost pools, eliminate some redundant, outdated/unneeded calculations, and remove a number of "test year" formulas (which date back to when the same spreadsheet was utilized in omnibus rate cases to calculate both base year and test year mail processing costs by shape). In addition to simplifying the calculations, the sheets have been transposed to allow for easier viewing. Also, the tabs have been renamed to indicate function. The revised spreadsheet provides for generally improved presentation. The first tab "Doc" lists the spreadsheet tabs, and for each tab describes the function and the former name of the tab. The overhauled spreadsheet is computationally identical to its predecessor.

USPS-FY16-NP21 In-Office Cost System (IOCS) Documentation (Nonpublic Version)

For FY16, IOCS methodology is the same as described in Docket ACR2015: USPS-FY15-37, except for the changes listed below.

Effective May 31, 2015, FSS-specific prices became part of the Standard Regular product rather than ECR, and therefore FSS costs are no longer split using PostalOne data.

Effective on May 31, 2015, USPS Tracking became a free Extra Service for retail First-Class Mail Parcels and Media Mail. Therefore, there is no longer an adjustment using POS data to shift window acceptance costs to USPS Tracking.

Changes have been made to the production programs to reflect Order No. 2387 (Nov. 24, 2015), Proposal Ten in Docket RM2015-19. A new variable, RPT_CAG, has been

added to the IOCS dataset to enable separate reporting of CAG K and L offices from the CAG H and J offices that are in the same strata.

Changes have also been made to reflect Order No. 3519 (Sep 16, 2016), Docket No. CP2016-261 (Global Expedited Package Services 6). Certain international sacks that were formerly identified as mixed mail are now identified as IPA or ISAL sacks and costs are assigned to the IPA or ISAL product respectively. .

After investigation into an anomaly in the costs of First-Class Presort Flats and First-Class Single Piece flats[23], a coding error in IOCS data processing was identified and corrected, leading to a shift in costs from First-Class Presort to First-Class Single Piece for both letters and flats.

USPS-FY16-NP22 City Carrier Cost System (CCCS) Documentation (Nonpublic Version)

Documentation for the CCCS provided in USPS-LR-L-11, Docket No. R2006-1, included complete programs and descriptions for sample frame development and sample selection. Those programs and descriptions have incurred no substantive changes and are not reproduced herein. The estimation programs and output formats have incurred no substantive changes and are described in the CCCS System Documentation section below.

Per Commission Order No. 3621 (November 17, 2016), estimates for CCCS international products are reported in the same shapes as domestic products. For accountables, LC/AO pieces with Inbound Registry are reported under the Registry service. Last year, the flat-shaped distribution keys for Standard Regular, ECR Basic, and ECR HD were adjusted for the first three quarters, by using FY13 CCCS distribution key proportions to redistribute within those products to correct for FSS-marked pieces that did not have the proper ECR markings. No comparable adjustments were made Quarter 4 of last year, due to the corrections to ECR marked pieces as a result of the Postal price change effective on May 31, 2015. For the same reason, no adjustments were made in any quarters of FY2016.

USPS-FY16-NP23 Rural Carrier Cost System (RCCS) Documentation (Nonpublic Version)

Documentation for the RCCS provided in USPS-LR-L-12, Docket No. R2006-1 included complete programs and descriptions for sample frame development and sample selection. Those programs and descriptions have incurred no substantive changes and are not reproduced herein. The estimation programs and output formats have incurred no substantive changes and are described in the RCCS System Documentation section below.

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[23] Responses of the United States Postal Service to Question 4 of Docket No. ACR FY2015, Chairman's Information Request No. 16, question 4, February 29, 2016.

Per Commission Order No. 3621 (November 17, 2016), LC/AO pieces with Inbound Registry are reported under the Registry service. Last year, the flat-shaped distribution keys for Standard Regular, ECR Basic, and ECR HD were adjusted for the first three quarters, by using FY13 RCCS distribution key proportions to redistribute within those products to correct for FSS-marked pieces that did not have the proper ECR markings. No comparable adjustments were made Quarter 4 of last year, due to the corrections to ECR marked pieces as a result of the Postal price change effective on May 31, 2015. For the same reason, no adjustments were made in any quarters of FY2016

USPS-FY16-NP24 Transportation Cost Systems (TRACS) Documentation (Nonpublic Version)

No method changes in FY 2016.

USPS-FY16-NP25 Mail Characteristics Study   (Nonpublic Version)

This attachment uses the estimation methodologies used in USPS-FY15-NP25 with updated input data.

USPS-FY16-NP26 FY 2016 Special Cost Studies Workpapers – Special Services (Nonpublic Version)

Please see Preface for additional information.

USPS-FY16-NP27 FY 2016 Domestic Competitive NSA and Nonpostal Materials

Please see Preface for additional information.

USPS-FY16-NP28 FY 2016 Revenue, Pieces, and Weight Report

USPS-FY16-NP28 generally uses the same methodologies to produce previous RPW reports, but also reflects the following specific changes:

Commission Order No. 3377 (June 17, 2016) regarding the enhancement of the international outbound statistical estimates from SIRVO was implemented for Quarters, 1, 2, and 3 revisions. See Proposal One in Docket No. RM2016-7.

Commission Order No. 2732 (September 28, 2015) regarding the replacement of the statistical sampling estimates of mailed entered through Click-N-Ship (CNS) with transactional census data from CNS was implemented for Quarter 1 revisions (implementation began with Quarter 2). See Proposal Six in Docket No. RM2015-15.

USPS-FY16-NP29 Fiscal Year 2016 Cost Segments and Components Reconciliation to Financial Statements and Account Reallocations (Nonpublic Version)

No method changes in FY 2016.

SECTION THREE: **Material in Response to**
                            COMMISSION RULE 3050.12

In Order No. 203, issued April 16, 2009, the Commission introduced new rules regarding special studies. Section 3050.12, Obsolescence, requires the Postal Service to: "provide a list of special studies whose results are used to produce the estimates in its annual periodic reports to the Commission. It shall indicate the date the study was completed and whether the study reflects current operating conditions and procedures. The Postal Service shall update the list annually."

As there has not been a determination establishing the definition of and listing of the "special studies" to which this rule applies, the Postal Service submits that it is characterizing "special studies" as those analyses that cannot be updated routinely by reference to information contained in ongoing data systems. Analyses that rely solely on information collected and maintained on an ongoing basis in such systems as IOCS, TRACS, CCCS, RCCS, MODS, WebEOR, PostalOne!, and other postal databases can be routinely updated and will never be considered "obsolete". Therefore, such analyses are not being considered "special studies" for purposes of complying with §3050.12. Any studies relying on material developed from the ongoing data systems will necessarily contain documentation that provides the time period for which the data were collected.

For some studies, the data collection was a point in time and all data contained in the study is of the same vintage. For those studies, the "date the study was completed" is relatively easy to ascertain. For other special studies that rely on a variety of inputs from a variety of sources, the "date the study was completed" is not as obvious. Therefore, for each special study of that nature, a short litigation history is provided, describing the dockets in which significant changes to the model were introduced.

As with regard to the "date the study was completed", there are two types of special studies. The first type of study is one in which the data collection took place at one point in time. For purposes of this document, these studies are referred to as "Periodic Studies." The question that must be answered for Periodic Studies is whether the information collected when the studies were conducted adequately reflects the processes in place during the fiscal year for which the Annual Compliance Report (ACR) was prepared. The second type of study is one comprised of a model of postal processes that relies on input data from various sources, some from ongoing data systems and some from periodic data collection efforts, which are used to estimate costs. For purposes of this document, these studies are referred to as "Cost Model Studies." The questions that must be answered for Cost Model Studies are (1) whether the modeled processes accurately represent actual processes in place during the fiscal year for which the Annual Compliance Report was prepared and (2) whether the inputs used to populate the models are of recent enough vintage to reasonably be used to develop cost estimates for that fiscal year.

With regard to the requirement that the Postal Service indicate "whether the study reflects current operating conditions and procedures", the Postal Service interprets that requirement to mean that the processes represented were those in place during the fiscal year for which the study results are presented.

Finally, with regard to longer term data collection requirements, the Commission established Docket No. RM2011-3 named 'Priorities for Future Data Collection and Analytical Work Relating to Periodic Reporting'.[24] During its existence, the Postal Service addressed two research topics under this docket 1) highway variabilities and 2) city carrier letter route street costs. The Commission approved both proposals proffered by the Postal Service.[25] In November 2015, the Commission closed the docket.[26]

Studies Subject to § 3050.12

In accordance with Commission reporting rule 3050.12, the Postal Service is providing the following list of Periodic Studies and Cost Model Studies whose results are used to produce estimates in its annual compliance reports.

Periodic Studies

Postmaster Variability Study

The Postmaster Variability Study was completed in 1984. The study used an operational dataset of Work Service Credits for postmasters at level EAS-23 offices and below to estimate the variability of their costs with respect to volume. At EAS-24 offices and above, the postmaster variability of cost with respect to volume is assumed to be zero. Both the estimated variability for the lower level offices and the supposition of no causal relationship between postmaster costs and changes in volume at EAS-24 offices and above are used in the 2016 ACR.

Because the duties of postmasters have remained stable, the composite variability of postmaster costs with respect to volume reflects the operating environment in FY 2016. However, the study could be replaced or updated as resources permit, to account for any changes in postmaster activities.

Special Purpose Route Studies

The Special Purpose Route (SPR) city carrier survey, the Expedited Mail Delivery survey, and the Motorized Letter Route survey were conducted in 1995 and their findings accepted in Docket No. R97-1. SPR carriers primarily deliver parcels and

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[24] See Order No. 589, November 18, 2010.

[25] Highway Variabilities: See Docket No. RM2014-6, Proposal Six, Order No. 2180, September 10, 2014. City Carrier Letter Route Street Model: See Docket No. RM2015-7, Proposal Thirteen, Order No. 2792, October 29, 2015.

[26] See Order No. 2798, November 3, 2015.

perform collection runs in large metropolitan areas. The studies were done by having SPR carriers, letter route carriers, and clerks who made out-of-office Priority Mail Express deliveries maintain detailed accounts of their daily activities, including driving time, delivery time, collection time, and delivered volumes. The information collected regarding clerks was used to estimate the volume variability for out-of-office Priority Mail Express deliveries.

The data collected from SPR and letter route carriers were used to estimate, 1) cost pool proportions for SPR street activities, 2) volume variabilities for SPR actions such as driving and loading the vehicle, and for letter route carriers sweeping blue collection boxes, and 3) distribution factors by product for delivered and collected mail on SPR. In the FY 2016 ACR, the cost pools and variabilities from the studies are used in conjunction with current In-Office Cost System (IOCS) costs and RPW volume to 1) determine the volume variable Priority Mail Express out-of-office costs for clerks, 2) establish cost pools and volume variable costs for SPR carrier activities, 3) calculate relevant collection costs for letter route carriers sweeping blue collection boxes, and 4) assign SPR carrier volume variable and product specific collection costs to products.

The distribution factors for the products delivered on SPR are updated annually using the ongoing City Carrier Cost System – Special Purpose Routes (CCCS-SPR). However, the cost pool proportions, variabilities, and distribution factors for collection mail handled by SPR carriers remain the same as those filed with Docket No. R97-1.

Because the occupations surveyed perform primarily the same activities as they did when the studies were done, their findings generally reflect the operating environment in FY 2016. As resources permit, the portions of the 1995 study being used in the ACR could be updated to reflect potential changes that might have occurred to the mail mix, collection box activities, and network structure since the original study was conducted. Any such changes might affect the cost pool proportions, variabilities, and SPR collection mail distribution factors.

Vehicle Service Driver Study

The Vehicle Service Driver (VSD) Study was completed in 1993 and its findings accepted in Docket No. R97-1. Vehicle service drivers provide transportation between post offices, stations and branches, other postal facilities including air mail facilities and some private firms. The study estimated a composite variability of vehicle service driver labor costs with respect to changes in volume. Data sources for the study consisted of a survey of plants and facilities that employ VSD and Postal Service Form 4533 that details route and scheduling information. The composite variability is used in the 2016 ACR to determine volume variable costs for vehicle service drivers (cost segment 8).

Because driving activities for vehicle service drivers have generally remained the same, the results of the study reflect the FY 2016 operational environment. However, network changes may necessitate updating the current variability estimate. VSD volume variable costs are assigned to products based on cubic-foot leg proportions estimated

by the ongoing Transportation Cost Systems – Vehicle Service Drivers subsystem (TRACS-VSD). See Docket No. RM2012-5, Order 1462, Proposal Five, September 10, 2012.

Highway Variability Study

The Postal Service proposed and the Commission adopted new highway cost to capacity variabilities during FY 2014.[27] Those variabilities were used in the FY 2016 ACR. Because the highway contract network has remained stable since the update was done, the variabilities generally reflect the FY 2016 operating environment.

In August 2016, the Postal Service initiated a proceeding, currently under Commission review, that measured the relationship between capacity and volume.[28] The established methodology assumes that the relationship between changes in capacity and volume is unity.

Surface Density Study

Letter and flat surface densities were last updated in 2009. Parcel densities are now updated annually with TRACS data. The surface densities are used in the 2016 ACR to assign relevant costs for vehicle service drivers and purchased surface transportation. Because parcel densities are updated annually with TRACS data and letter and flat densities have shown consistency through time, the surface densities used reflect the FY 2016 operating environment.

City Carrier Collection Mail Volume and Source Study (CCCMVSS)[29]

The CCCMVSS was conducted in the spring of 2013 for two weeks and its findings were incorporated in the new letter route street time cost model that was accepted by the Commission.[30] The CCCMVSS sampled 300 ZIP Codes and had city carriers' measure and record their collection volume by source. The three possible sources were 1) customer receptacles, 2) dedicated collection points, and 3) containerized mail from businesses. The collection volumes were included in the regular delivery equation and a separate variability for collection mail was estimated. Because collection volumes have not materially changed since the study was conducted, the findings of the study reflect the operating environment in FY 2016.

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[27] See Docket No. RM2014-6, Proposal Six, Order No. 2180, September 10, 2014.
[28] See Docket No. RM2016-12, Proposal Four, August 22, 2016.
[29] For more detailed information about the CCCMVSS, see USPS-RM2015-7/1, Report on the City Carrier Street Time Study at 27.
[30] See Docket No. RM2015-7, Proposal Thirteen, Order No. 2792, October 29, 2015.

City Carrier Package and Accountable Study (CCPAS)[31]

The CCPAS was conducted in the spring of 2014 for two weeks and its findings were incorporated in the new letter route street time cost model that was accepted by the Commission.[32] The CCPAS sampled the same 300 ZIP Codes used in the CCCMVSS. CCPAS had carriers measure their street time associated with delivering 1) in-receptacle parcels, 2) deviation parcels, and 3) accountables by scanning specially designed barcodes. Corresponding volumes by type were also recorded daily. The information collected from the study was used to estimate separate variabilities for in-receptacle parcels, deviation parcels, and accountables. Because street activities associated with the delivery of parcels and accountables have not materially changed, the findings of the study generally reflect the operating environment in FY 2016.

Facility Space Survey

The Facility Space Survey was done in 1999, and its findings accepted in Docket No. R2005-1. The survey assigns the amount of facility space and rental costs to major operation and function. The 1999 survey included about 750 facilities with 50 million square feet of interior space, selected using a stratified random sample. Data were collected on the amount of facility space used for each operation and function for the facilities selected. While the survey included only about two percent of the Postal Service's facilities, the survey's focus on large facilities resulted in over one-sixth of the Postal Service's 300 million square feet being surveyed. The study estimates of facility space by category are adjusted annually, based on information on equipment deployments, operational changes and overall Postal Service facility space growth. These adjusted data provide the shares of facility space and rental costs by operation. These are used to apportion facility costs (rents, depreciation, custodial activities, utilities, and building maintenance) to operation as a step in determining the variability and distribution of these costs. These shares are called the Facility Space and Rents Factors used in the F Report of the 2016 ACR (USPS-FY16-31).

Because the utilization of facility space has remained stable, the Facility Factors generally reflect the FY 2016 operating environment. However, the survey should be updated as resources permit due to changes now underway in facility space use due to mail volume declines and network changes. The appropriate time to update the survey would be once the majority of changes associated with network rationalization have stabilized.

Window Service Transaction Study

The Window Service Transaction Time Study was completed in 2005 and its findings accepted in Docket No. R2006-1. The study measured transaction times by type using

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[31] For more detailed information about the CCPAS, see USPS-RM2015-7/1, Report on the City Carrier Street Time Study at 91.
[32] See Docket No. RM2015-7, Proposal Thirteen, Order No. 2792, October 29, 2015.

a national sample of post offices. The data were used to estimate variabilities of window service costs with respect to different transaction types (e.g., weigh and rate and selling stamps). In the 2016 ACR, the estimated variabilities based on the study are used to calculate window service volume variable costs by product.

Because window activities have remained largely unchanged since the study was conducted, its results generally reflect the FY 2016 operating environment. This study should be updated as resources permit to account for possible operational changes that have occurred at the retail window and to take into consideration new retail products.

Cost Model Studies

Letter Cost Models (First-Class Mail and Standard Mail)

The First-Class Mail presort letters and cards and Standard Mail presort letters mail processing cost models rely on the overall Docket No. R2006-1 Postal Regulatory Commission methodology, a "hybrid" cost methodology that uses both CRA mail processing unit costs and model-based mail processing unit costs to estimate the mail processing unit costs by price category. For First-Class Mail presort letters and cards, worksharing related savings estimates are calculated using cost benchmarks. In Docket No. RM2009-3, Order No. 536 (September 14, 2010), the Commission effectively rejected the continued use of the bulk metered mail (BMM) letters cost benchmark. However, no new benchmark was established in that docket. Instead, Order No. 537 (September 14, 2010) established Docket No. RM2010-13 as a proceeding in which interested parties could address cost benchmark issues.

The Commission issued Order No. 1320 (April 20, 2012), establishing the broader metered mail category (an aggregate of metered, IBI, and PVI letters) as the First-Class Mail letters benchmark. From a cost standpoint, the mail processing unit cost estimate for this category of mail has been used as the BMM letters proxy for several years. This portion of the ruling therefore has no impact on the cost avoidance estimates.

Order No. 1320 also determined that the delivery unit cost estimate that most closely approximates the benchmark delivery costs is the non-automation machinable mixed AADC (NAMMA) delivery unit cost estimate. This estimate has also been used as the BMM letters proxy for several years. This portion of the ruling therefore also has no impact on the cost avoidance estimates.

The Commission did, however, implement a methodology change in Order No. 1320 that increases the cost avoidance estimates. Specifically, the Commission ruled that 60 percent of the collection costs should be incorporated into the cost avoidance estimates.

Other modifications have been made to the letter models since the Commission issued its Opinion and Recommended Decision in Docket No. R2006-1. In Docket No. ACR2008, the Postal Service presented an updated version of the automated and manual density tables, which the Commission subsequently approved.

In Docket No. RM2011-5, Proposal Nine, the Postal Service recommended that the following input data should be incorporated into the letter cost models: 1) a revised automation density table; 2) a revised manual density table; 3) a post office box destination percentage developed using carrier piece count (CPC) data; 4) a modified plant carrier route finalization percentage; 5) new manual incoming secondary and post office box walling productivity data that were collected during a 2010 field study; and 6) a revised remote bar code system (RBCS) leakage target. The Postal Service also recommended the incorporation of a new bundle sorting methodology.

In Order No. 741 (June 3, 2011), the Commission approved all of the proposed changes except the new productivity values and the use of the RBCS leakage target. The Commission rejected the new productivity values due to concerns about the level of variation exhibited by the data. Given that the incoming secondary manual sorting operation and the walling operation had not changed significantly since the previous study was conducted, they determined that the model should continue to rely on the older productivity values. The Commission also ruled that the use of actual leakage rate data was preferable to the use of leakage targets, despite the age of the data.

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposals Five and Six. The Commission subsequently approved those proposals in Order No. 920 (October 21, 2011).

In the 2010 Annual Compliance Determination (ACD), the Commission directed the Postal Service to disaggregate the mail processing unit cost estimates for the Standard Mail presort letters non-automation machinable MAADC and AADC price categories. The Postal Service filed a revised Standard Mail presort letters mail processing cost model in response to that directive, in Docket No. RM2012-1, Proposal Twelve. The Commission approved Proposal Twelve in Order No. 1153 (January 20, 2012). For consistency reasons, the Postal Service also proposed that the same change should be made to the First-Class Mail presort letters and cards mail processing cost model in Docket No. RM2012-2, Proposal Nineteen. The Commission approved Proposal Nineteen in Order No. 1383 (June 26, 2012).

In Docket No. RM2014-1, Proposal Eight, the Postal Service proposed changes to MODS operation groups that are used as inputs for the cost models. The changes included: discontinuation of LIPS, ISS/OSS Return to Sender groups, and consolidation of Manual Letters into Outgoing and Incoming groups. The Postal Service provided revised USPS-FY12-10 costs models to show the impact of the proposal. The Commission issued Order No. 2076 (May 8, 2014) ruling on each proposed change.

As the processing environment for letters has been stable in recent years, the letters and cards mail processing models (USPS-FY16-10) can be viewed as representing the operating conditions in place during FY 2016. In addition, the age of the cost model input data should ensure that the cost estimates are robust, based on past Commission comments in the rulings cited above.

Flats Cost Models (First-Class Mail, Standard Mail, and Periodicals Outside-County)

The First-Class Mail presort flats, Standard Mail presort flats, and Periodicals Outside-County flats mail processing cost models rely on the Docket No. R2006-1, Commission methodology. Several modifications have been made to the flat models since the Commission issued its Opinion and Recommended Decision in Docket No. R2006-1.

In Docket No. ACR2007, the Postal Service made several improvements to the Periodicals cost model in order to resolve internal inconsistencies.

In Docket No. RM2009-1, Proposal Twelve, the Postal Service proposed thirteen modifications that involved the updating of old parameters and the development of new parameters for the flat cost models. In Order No. 170 (January 12, 2009), the Commission approved twelve of the thirteen postal proposals. The thirteenth proposal was approved with a refinement proposed by Time Warner.

In Docket No. RM2009-10, Proposal Twelve, the Postal Service filed a version of the Periodicals cost model in order to clarify the manner in which the ”auto/mech” incoming secondary coverage factor should be applied. The Commission approved Proposal Twelve in Order No. 339 (November 13, 2009).

In Docket No. RM2010-4, Proposal Twenty-Five, the Postal Service presented three modifications for the flats cost models. The Commission approved Proposal Twenty-Five in Order No. 399 (January 27, 2010).

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission approved those proposals in Order No. 920 (October 21, 2011).

In Docket No. RM2012-2, Proposal Eighteen, the Postal Service presented four modifications for the flats cost models. The Commission approved Proposal Eighteen, with one refinement, in Order No. 1383 (June 26, 2012).

In Docket No. RM2012-8, Proposal Nine, the Postal Service presented eight modifications for the flats cost models. The Commission issued Order No. 1656 (February 14, 2013) ruling on all modifications.

In Docket No. RM2014-1, Proposal Eight, similar to the above mentioned in the letter cost models section, the Postal Service proposed changes to the MODS operation groups used as inputs for the cost models. The changes included: discontinuation of LIPS, and consolidation of UFSM1000 and Manual Flats into corresponding Outgoing and Incoming groups. The Postal Service provided revised USPS-FY12-11 cost models to show the impact of the proposal. The Commission issued Order No. 2076 (May 8, 2014), ruling on each proposed change.

On August 5, 2015, the Postal Service filed Proposals Seven through Nine (Docket Nos. RM2015-16 through RM2015-18 respectively) in response to Commission's directives on page 63 in Order No. 2472 (May 7, 2015).

Proposal Seven Section One (Docket No. RM2015-16) proposed to modify the modeling methodology used in the Standard Mail Flats Cost Model so as to produce estimates of mail processing cost avoidances of Flats Sequencing System (FSS) presorted Standard Flats. The Commission approved Proposal Seven Section One in Order No. 2839 (November 25, 2015).

Proposal Seven Section Two (Docket No. RM2015-16) proposed to disaggregate the delivery costs for Periodicals Flats, Standard Mail Flats, Bound Printed Matter Flats, and Carrier Route Flats between those destinating in FSS and Non-FSS zones. The Commission approved Proposal Seven Section Two in Order No. 2839 (November 25, 2015).

Proposal Eight (Docket No. RM2015-17) proposed to modify the modeling methodology used in the Standard Mail Flats Cost Model so as to produce estimates of mail processing cost avoidances for Carrier Route pieces on 5-Digit Carrier Routes pallets. The Commission approved Proposal Eight in Order No. 2742 (October 1, 2015).

Proposal Nine (Docket No. RM2015-18) proposed to explain the changes in the Periodicals cost model to explicitly identify the bottom-up costs of processing Carrier Route Pallets. The Commission approved Proposal Nine in Order No. 2741 (October 1, 2015).

Over time, the Postal Service has continuously tried to improve the flats mail processing cost models. The First-Class Mail presort flats, Standard Mail presort flats, and Periodicals Outside-County flats mail processing cost models (USPS-FY16-11) can therefore be viewed as representing the operating conditions in place during FY 2016. In addition, the age of the cost model input data should ensure that the cost estimates are robust.

Standard Mail Parcel Mail Processing Cost Model

Prior to Docket No. R2006-1, the Postal Service did not develop and maintain a Standard Mail parcel mail processing cost model because there was no need to do so. Standard Mail flats and parcels were both assessed "nonletter" prices, with parcels also being assessed a residual shape surcharge. In Docket No. R2006-1, the Postal Service proposed separate and distinct prices for Standard Mail flats and parcels, and proposed a new classification for "not flat-machinable" (NFM) mail pieces. NFMs were classified to be mail pieces that were typically assessed flats prices, but were often processed as parcels.

In the absence of any formal Standard Mail parcel mail processing cost model, a cost analysis to support these proposals was provided in Docket No. R2006-1 as USPS-LR-

L-45. This analysis estimated the additional mail processing costs required to process parcels and NFM mail pieces in comparison to an average Standard Mail flat. This study was subsequently updated in Docket Nos. ACR2007, ACR2008, and ACR2009.

This study did not develop unique costs for NFMs because many of the usual data elements (conversion factors, downflow densities, etc.) required by mailflow models had not been available for NFMs in isolation from parcels. In its 2008 ACD, the Commission directed the Postal Service to develop "reliable cost data for these categories and make the necessary adjustments to discounts to reflect 100 percent or less of the avoided costs." ACD2008, page 70.

In response to that directive, the Postal Service introduced a new model in Docket No. RM2010-12, Proposal Seven. Proposal Seven introduced a mailflow-based model of mail processing costs for Standard Parcels and NFMs. This new model relied on methodological approaches similar to those embedded in the mail processing models for letters, flats and other parcels, and estimated mail processing unit costs for the machinable, irregular and NFM price categories. The Commission approved the Proposal Seven cost model in Order No. 658 (January 28, 2011).

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission subsequently approved those proposals in Order No. 920 (October 21, 2011).

In January 2012, the Commercial machinable and irregular price categories were renamed "Lightweight Parcel Select" and were moved to the Parcel Select competitive product. In addition, the NFM price categories were eliminated and new "marketing" parcel price categories were established in their place. These changes, however, did not necessitate that any methodological changes be made to the cost model because some Commercial NFMs still existed after the January changes and the Non-Profit machinable, irregular, and NFM / marketing price categories were identical to the price categories that existed prior to the January 2012 changes.

In Docket No. ACR2013, the Standard Mail parcels destination entry cost avoidance estimates that were calculated in USPS-FY13-13 increased significantly when compared to the cost avoidance estimates that were calculated in the previous fiscal year. In response to Chairman's Information Request (ChIR) No. 11, question 1, the Postal Service indicated that the Commission-approved methodology may have proven to be less robust for smaller mail volumes. The Postal Service also indicated in its response that it would investigate using an alternative cost methodology. In Docket No. RM2014-6, Proposal Seven, the Postal Service proposed that a new mail characteristics profile should be created using the data in the USPS-FY13-12 Standard Mail parcels mail processing cost model and that these mail characteristics should be used to develop bottom-up cost avoidance estimates in USPS-FY13-13. The Commission subsequently approved Proposal Seven in Order No. 2180 (September 10, 2014).

In Docket No. RM2015-3, Proposal Ten, the Postal Service presented the results from a field study that had been conducted over a two and one-half year period and proposed that the new data be incorporated into several cost models, including the Standard Mail parcel mail processing cost model. The Commission subsequently approved Proposal Ten in Order No. 2315 (January 6, 2015).

Based on this recent activity, the Standard Mail Parcel mail processing cost model (USPS-FY16-12) can be viewed as representing the operating conditions in place during FY 2016. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change. In addition, the age of the cost model input data should ensure that the cost estimates are robust.

Standard Mail and Periodicals Destination Entry Cost Avoidance Models

These models provide the destination entry cost avoidance estimates for Standard Mail letters, flats, and parcels, and Periodicals. They rely on the Docket No. R2006-1 methodology and subsequent cost model modifications described in Docket No. ACR2007, USPS-FY07-13.

While the overall estimating methodology is the same as that relied upon in the earlier models, the Standard Mail analysis was expanded in Docket. No. ACR2008 to estimate cost avoidances by shape (letters, flats, and parcels/NFMs). A shape-specific analysis was possible in that docket because the Standard Mail line items in the CRA report became available in more disaggregated form. In the 2008 ACD, however, the Commission continued to rely on the aggregate (all shapes combined) cost avoidance estimates and recommended that the Postal Service present the shape-specific analysis in a separate docket. A shape-specific analysis was subsequently presented in Docket No. RM2009-10, Proposal Thirteen. The Commission approved the Proposal Thirteen destination entry cost model in Order No. 339 (November 13, 2009).

As described above, the Standard Mail parcels destination entry cost avoidance estimates that were calculated in USPS-FY13-13 increased significantly when compared to the cost avoidance estimates that were calculated in the previous fiscal year. In response to ChIR No. 11, question 1, the Postal Service indicated that the Commission-approved methodology may have proven to be less robust for smaller mail volumes. The Postal Service also indicated in its response that it would investigate using an alternative cost methodology. In Docket No. RM2014-6, Proposal Seven, the Postal Service proposed that a new mail characteristics profile should be created using the data in the USPS-FY13-12 Standard Mail parcels mail processing cost model and that these mail characteristics should be used to develop bottom-up cost avoidance estimates in USPS-FY13-13. In addition, the Postal Service proposed that the analysis should be consolidated into one Excel workbook, an error in the analysis should be corrected, obsolete operations and input data should be removed from the cost model, and more recent productivity data should be incorporated into the cost model. The

Commission subsequently approved Proposal Seven in Order No. 2180 (September 10, 2014).

In Docket No. RM2015-3, Proposal Ten, the Postal Service presented the results from a field study that had been conducted over a two and one-half year period and proposed that the new data be incorporated into several cost models, including the Standard Mail destination entry cost model. The Commission subsequently approved Proposal Ten in Order No. 2315 (January 6, 2015).

The current Periodicals destination entry cost methodology approach continues to rely on the Commission cost methodology from Docket No. R2006-1.

The destination entry cost models (USPS-FY16-13) can therefore be viewed as representing the operating conditions in place during FY 2016.

Media Mail – Library Mail – Mail Processing Cost Model

The Media Mail - Library Mail mail processing cost model presented in the earlier ACR dockets relied on the Docket No. R2006-1 methodology to develop total mail processing unit cost estimates by price category. After the 2009 ACR was filed, the Commission issued Chairman's Information Request No. 1 on January 22, 2010. Question 18 of that request noted that there were instances where the Media Mail – Library Mail model referenced the former Single-Piece Parcel Post split between Intra-NDC and Inter-NDC. Because the Single-Piece Parcel Post distinction between Intra-NDC and Inter-NDC no longer existed, the models used the FY 2008 Intra-NDC/Inter-NDC volume split as a proxy. The Commission requested the rationale for continuing to use the FY 2008 disaggregation, and asked if this methodology would continue in the future models. On February 2, 2010, the Postal Service responded by indicating that the FY 2008 data were used as proxies because no other data were available, but that the methodology and the availability of alternative cost model input data would be evaluated.

In Docket No. RM2011-5, Proposal Twelve, the Postal Service presented alternative data inputs to the Media Mail - Library Mail mail processing cost model. Upon further review, the Postal Service determined that the best estimate of the Parcel Post single-piece Intra-NDC volume percentage was obtained by dividing the sum of the volumes for zones 1, 2, and 3, by the total volume. In FY 2008, the last year Intra-NDC Parcel Post volume data were available separately from Inter-NDC data, nearly 96 percent of the Intra-NDC mail volume was found in zones 1, 2, and 3, indicating that the percentage of mail volume represented by those zones would be a good approximation for the Intra-NDC volume percentage. The Postal Service therefore proposed that this estimate be calculated annually from the Parcel Post (now Retail Ground) volume, cubic feet, and weight data and incorporated into future versions of the Media Mail - Library Mail mail processing cost model. The Commission approved Proposal Twelve in Order No. 724 (May 4, 2011).

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposal Five and Proposal Six. The Commission subsequently approved those proposals in Order No. 920 (October 21, 2011).

In Docket No. RM2012-1, Proposal Thirteen, the Postal Service presented a new Media Mail – Library Mail mail processing cost model that relied on the Docket No. RM2010-12, Proposal Seven, methodology. The Commission approved Proposal Thirteen in Order No. 1153 (January 20, 2012).

In Docket No. RM2015-3, Proposal Ten, the Postal Service presented the results from a field study that had been conducted over a two and one-half year period and proposed that the new data be incorporated into several cost models, including the Media Mail – Library Mail mail processing cost model. The Commission subsequently approved Proposal Ten in Order No. 2315 (January 6, 2015).

Based on this recent activity, the Media Mail – Library Mail mail processing cost model (USPS-FY16-15) can be viewed as representing the operating conditions in place during FY 2016. In addition, the age of the cost model input data should ensure that the cost estimates are robust. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change.

Bound Printed Matter (BPM) Mail Processing and Transportation Cost Models

The BPM mail processing cost model continues to rely on the Docket No. R2006-1 methodology. The BPM transportation cost model presented in the earliest ACR dockets also relied on the Docket No. R2006-1 methodology, with one exception. Prior to the 2008 ACR, the BPM CRA line item was separated into two line items, one for BPM flats and one for BPM parcels. Since that time, separate transportation cost estimates have been developed for BPM flats and BPM parcels, as well as BPM as a whole (flats and parcels in aggregate).

After the 2009 ACR was filed, the Commission issued ChIR No. 1 on January 22, 2010. Question 18 of that request noted that there were instances where the BPM model referenced the former Single-Piece Parcel Post split between Intra-NDC and Inter-NDC. Because the Single-Piece Parcel Post distinction between Intra-NDC and Inter-NDC no longer existed, the models used the FY 2008 Intra-NDC/Inter-NDC volume split as a proxy. The Commission requested the rationale for continuing to use the FY 2008 disaggregation, and asked if this methodology would continue in the future models. On February 2, 2010, the Postal Service responded by indicating that the FY 2008 data were used as proxies because no other data were available, but that the methodology and the availability of alternative cost model input data would be evaluated.

In Docket No. RM2011-5, Proposal Twelve the Postal Service recommended alternative data inputs. Upon further review, the Postal Service determined that even though the Parcel Post single-piece transportation cost model was no longer presented in ACRs,

the cost segment 14 data that were used to calculate the zone-related percentages were still available. It was proposed that these data, now for Retail Ground, be used to estimate the zone-related percentages in future versions of the BPM transportation cost model. The Commission approved the Proposal Twelve cost model in Order No. 724 (May 4, 2011).

The BPM mail processing cost model (USPS-FY16-15) and transportation cost model (USPS-FY16-16) can be viewed as representing the operating conditions in place during FY 2016. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change. The age of some cost model input data, however, is a concern. The Postal Service will investigate the extent to which the Docket No. RM2010-12, Proposal Seven methodology can be used to develop a BPM mail processing cost model for parcels. In addition, the Postal Service will evaluate whether a separate BPM flats mail processing cost model can be developed using models like those that support other mail types (e.g., Standard Mail flats). Finally, the Postal Service will investigate the extent to which some parcel input data, which have been collected during more recent field studies, can be incorporated into the cost models.

Bulk Parcel Return Service (BPRS) Cost Model

The BPRS cost model presented in the earlier ACR dockets relied on the Docket No. R2006-1 methodology. After the 2009 ACR was filed, the Commission issued ChIR No. 1 on January 22, 2010. Question 18 of that request noted that there were instances where the BPRS cost model referenced the former Single-Piece Parcel Post split between Intra-NDC and Inter-NDC. Because the Single-Piece Parcel Post distinction between Intra-NDC and Inter-NDC no longer existed, the model used the FY 2008 Intra-NDC/Inter-NDC volume split as a proxy. The Commission requested the rationale for continuing to use the FY 2008 disaggregation, and asked if this methodology would continue in the future models. On February 2, 2010, the Postal Service responded by indicating that the FY 2008 data were used as proxies because no other data were available, but that the methodology and the availability of alternative cost model input data would be evaluated.

In Docket No. RM2011-5, Proposal Twelve, the Postal Service proposed alternative data inputs to the BPRS cost model. BPRS parcels, by definition, are returned Standard Mail machinable parcels. The Postal Service therefore proposed that data from the Standard Mail destination entry cost model be used to estimate the BPRS transportation and delivery costs. The Commission approved Proposal Twelve changes in Order No. 724 (May 4, 2011).

The BPRS cost model (USPS-FY16-16) can be viewed as representing the operating conditions in place during FY 2016. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements

change. The age of some cost model input data, however, is a concern. The Postal Service will investigate the extent to which some parcel input data, which have been collected during more recent field studies, can be incorporated into the BPRS cost model.

Business Reply Mail (BRM) Cost Model

In previous dockets, the Commission has not always filed its own BRM cost model. The official version of the cost model presented in earlier ACR dockets therefore relied on the same methodology presented by the Postal Service in Docket No. R2006-1.

In Docket No. RM2012-2, Proposal Twenty, the Postal Service presented a BRM cost model that relied on new data collected during the summer of 2011. These data were used to develop more accurate fee cost estimates. In Proposal Twenty, the Postal Service also addressed concerns the Commission has expressed in the past with the measurement of the qualified business reply mail (QBRM) worksharing related savings estimate that is also contained in the model.

The Commission approved the use of the new data in Order No. 1383 (June 26, 2012). Order No. 1383, however, dictated that the scope of the QBRM analysis should be expanded to include some manual costs. In addition, the Commission instructed the Postal Service to further refine the QBRM analysis to incorporate the processing steps that low volume recipients incur. Given that the Postal Service explained why a more narrowly defined analysis was appropriate in Proposal Twenty, regardless of the specific volume a mailer receives, it is unclear exactly what the Commission expects to see in future BRM proposals. Regardless, the Postal Service will attempt to investigate alternative QBRM methodologies.

Based on this recent activity, the BRM cost model (USPS-FY16-21) can be viewed as representing the operating conditions in place during FY 2016. In addition, the age of the cost model input data should ensure that the cost estimates are robust.

Parcel Select / Parcel Return Service Mail Processing and Transportation Cost Models

The Parcel Post (now Retail Ground) / Parcel Select / Parcel Return Service mail processing and transportation cost models presented in the earlier ACR dockets relied on the Docket No. R2006-1 methodology in which the cost estimates were derived from one set of costs. As the Commission discussed in Order No. 118 (October 22, 2008) and Order No. 156 (December 23, 2008), the Postal Service is now able to provide separate and distinct mail processing and transportation cost data for Retail Ground, Parcel Select, and Parcel Return Service mail. In Docket No. RM2010-5, Proposal Twenty-Eight, the Postal Service proposed to eliminate the Retail Ground mail processing and transportation cost models, as they were no longer necessary to support the existing price structure. The Commission approved Proposal Twenty-Eight in Order No. 394 (January 21, 2010).

In Docket No. RM2009-10, Proposal Fourteen, the Postal Service presented new mail processing and transportation cost models that could be used to estimate costs for the Parcel Select and Parcel Return Service price categories. While the mail processing and transportation cost estimates for Parcel Select and Parcel Return Service were derived from separate and distinct cost data, they were contained in one mail processing cost model and one transportation cost model, respectively. The Commission approved Proposal Fourteen in Order No. 339 (November 13, 2009).

In Docket No. RM2011-5, Proposal Thirteen, the Postal Service presented a new Parcel Select / Parcel Return Service mail processing cost model that relied on the Docket No. RM2010-12, Proposal Seven methodology. The Commission approved Proposal Thirteen in Order No. 719 (April 28, 2011).

In Docket No. RM2011-6, Proposal Fourteen, the Postal Service proposed that the Parcel Select / Parcel Return Service transportation cost model should be modified in the following ways: (1) the transportation cost estimates should only be presented for the current price categories; (2) the transportation legs for the non-destination entry price categories should be estimated using PostalOne! Data; (3) the official revenue, pieces and weight (RPW) volumes should be incorporated into the analysis; (4) the Parcel Return Service transportation costs should be distributed using the same method that is relied upon to distribute Parcel Select transportation costs; and (5) a new methodology should be incorporated to estimate the return network distribution center (RNDC) cubic foot miles by zone. The Commission approved Proposal Fourteen in Order No. 719 (April 28, 2011).

The Postal Service proposed the addition of new mail processing cost pools in Docket No. RM2011-12, Proposals Five and Six. The Commission subsequently approved those proposals in Order No. 920 (October 21, 2011).

In January 2012, the Commercial machinable and irregular price categories were renamed "Lightweight Parcel Select" and were moved to the Parcel Select competitive product. In Docket No. RM2012-8, Proposal Eight, the Postal Service presented a revised Parcel Select / Parcel Return Service mail processing cost model into which the Lightweight Parcel Select price categories had been incorporated. The Commission subsequently approved Proposal Eight in Order No. 1567 (December 6, 2012). Given that Parcel Select is zoned and Lightweight Parcel Select is not zoned, the Lightweight Parcel Select price categories were not incorporated into the transportation cost model. It was therefore not necessary to file any related proposals at the Commission. Instead, the Parcel Select transportation costs are estimated using cost segment data that represents Parcel Select only and excludes Lightweight Parcel Select costs.

In Docket No. RM2015-3, Proposal Ten, the Postal Service presented the results from a field study that had been conducted over a two and one-half year period and proposed that the new data be incorporated into several cost models, including the Parcel Select /

Parcel Return Service mail processing cost model. The Commission subsequently approved Proposal Ten in Order No. 2315 (January 6, 2015).

Based on this recent activity, the Parcel Select / Parcel Return Service mail processing cost model (USPS-FY16-NP15) and transportation cost model (USPS-FY16-NP16) can be viewed as representing the operating conditions in place during FY 2016. In addition, the age of the cost model input data should ensure that the cost estimates are robust. Although the Postal Service views this Commission-approved model as an improvement over former versions of the model, it will continue to evolve as the network, price structure, and CRA reporting requirements change.